



WYNN RESORTS

2009 Annual Report

FINANCIAL REVIEW

<i>Company Description</i>	<i>page 2.</i>
<i>Selected Financial Data</i>	<i>page 4.</i>
<i>Management's Discussion and Analysis of Financial Condition and Results of Operations</i>	<i>page 6.</i>
<i>Quantitative and Qualitative Disclosures About Market Risk</i>	<i>page 34.</i>
<i>Forward-Looking Statements</i>	<i>page 37.</i>
<i>Consolidated Balance Sheets</i>	<i>page 39.</i>
<i>Consolidated Statements of Operations</i>	<i>page 41.</i>
<i>Consolidated Statement of Stockholders' Equity</i>	<i>page 42.</i>
<i>Consolidated Statements of Cash Flows</i>	<i>page 44.</i>
<i>Notes to Consolidated Financial Statements</i>	<i>page 46.</i>
<i>Management Report on Internal Control Over Financial Reporting</i>	<i>page 82.</i>
<i>Stock Performance Graph</i>	<i>page 83.</i>
<i>Report of Independent Registered Public Accounting Firm</i>	<i>page 84.</i>
<i>Report of Independent Registered Public Accounting Firm</i>	<i>page 86.</i>
<i>Corporate Information</i>	<i>IBC</i>

COMPANY DESCRIPTION

Wynn Resorts, Limited, a Nevada corporation, was formed in June 2002, is led by Chairman and Chief Executive Officer, Stephen A. Wynn, and is a leading developer, owner and operator of destination casino resorts. We own and operate two destination casino resorts: "Wynn Las Vegas," on the "Strip" in Las Vegas, Nevada, "Encore at Wynn Las Vegas" located adjacent to Wynn Las Vegas, and "Wynn Macau," located in the Macau Special Administrative Region of the People's Republic of China ("Macau"). We are also currently constructing Encore at Wynn Macau, an expansion of our Wynn Macau resort. We present our results based on the following two segments: Wynn Las Vegas (which includes Encore at Wynn Las Vegas) and Wynn Macau. For more information on the financial results for our segments, see Note 17, "Segment Information."

Due to a number of factors, including disruptions in global economies, stagnant credit markets, and reduced consumer spending, 2009 was a difficult year for the casino resort business, particularly for U.S. operations. Auto traffic into Las Vegas, airline capacity and air travel to McCarran International Airport have declined, resulting in lower casino volumes and a reduced demand for hotel rooms. The current adverse global economic conditions will likely continue to cause us to experience lower than historical hotel occupancy rates, room rates, casino volumes and profitability in Las Vegas.

Unless the context otherwise requires, all references herein to "Wynn Resorts," the "Company," "we," "us" or "our," or similar terms, refer to Wynn Resorts, Limited and its consolidated subsidiaries.

Wynn Resorts files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments of such reports with the Securities and Exchange Commission ("SEC"). Any document Wynn Resorts files may be inspected, without charge, at the SEC's public reference room at 100 F Street, N.E. Washington, D.C. 20549 or at the SEC's internet site address at <http://www.sec.gov>. Information related to the operation of the SEC's public reference room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, through our own internet address at www.wynnresorts.com, Wynn Resorts provides a hyperlink to a third-party SEC filing website which posts these filings as soon as reasonably practicable, where they can be reviewed without charge. Information found on our website is not a part of this Annual Report.

Our Resorts

Wynn Las Vegas opened on April 28, 2005. We believe that the resort offers exceptional accommodations, amenities and service with 2,716 rooms and suites, including 36 fairway villas and 6 private-entry villas for our premium guests. In 2010, for the fourth year in a row, The Tower Suites at Wynn Las Vegas has received both the Forbes five-star and AAA five-diamond distinctions. The Spa at Wynn Las Vegas earned five-star recognition from Forbes for the second year in a row. The Spa at Wynn Las Vegas and the Spa at Encore are the only spas in Las Vegas to be recognized with the Forbes five-star award.

The approximately 110,000 square foot casino features approximately 130 table games, a baccarat salon, private VIP gaming rooms, a poker room, approximately 1,920 slot machines, and a race and sports book. The resort's 22 food and beverage outlets feature six fine dining restaurants, including restaurants helmed by award winning chefs. Wynn Las Vegas also offers two nightclubs, a spa and salon, a Ferrari and Maserati automobile dealership, wedding chapels, an 18-hole golf course, approximately 223,000 square feet of meeting space and an approximately 74,000 square foot retail promenade featuring boutiques from Alexander McQueen, Brioni, Cartier, Chanel, Dior, Graff, Louis Vuitton, Manolo Blahnik, Oscar de la Renta and Vertu. Wynn Las Vegas also has a showroom which features "Le Rêve," a water-based theatrical production. We believe that the unique experience of Wynn Las Vegas drives the significant visitation experienced since opening.

Encore at Wynn Las Vegas opened on December 22, 2008. This resort is located immediately adjacent to and is connected with Wynn Las Vegas and features a 2,034 all-suite hotel as well as an approximately 76,000 square foot casino with approximately 90 table games, a baccarat salon, private VIP gaming rooms, approximately 790 slot machines and a sports book. In its first full year of operations, The Encore Tower Suites has received both the Forbes five star and AAA five diamond awards. The Spa at Encore also earned five-star recognition from Forbes. The resort's 12 food and beverage outlets include five restaurants, many of which feature award winning chefs. Encore at Wynn Las Vegas also offers a night club, a spa and salon, approximately 60,000 square feet of meeting space and approximately 27,000 square feet of upscale retail outlets featuring boutiques from Hermès, Chanel and

others. The Encore Theater featured several headliner entertainment acts during 2009, including the return of Garth Brooks. Our agreement with Garth Brooks provides for the performance of 300 shows in the Encore Theater before 2014, but is cancelable by either party under certain conditions.

Construction is currently underway to replace Encore's porte-cochere on Las Vegas Boulevard with the Encore Beach Club that will feature pools, food and beverage, and nightlife offerings. The total project budget for the Encore Beach Club is approximately \$68 million. The Beach Club is expected to open on schedule in the second quarter of 2010.

Wynn Macau opened on September 6, 2006. Wynn Macau currently features approximately 600 hotel rooms and suites, approximately 390 table games, 1,200 slot machines and a poker room in approximately 222,000 square feet of casino gaming space, six restaurants, a spa and salon, lounges, meeting facilities and approximately 48,000 square feet of retail space featuring boutiques from Bvlgari, Chanel, Dior, Dunhill, Fendi, Ferrari, Giorgio Armani, Gucci, Hermès, Hugo Boss, Louis Vuitton, Miu Miu, Piaget, Prada, Rolex, Tiffany, Van Cleef & Arpels, Versace, Vertu, Zegna and others. For 2010, Wynn Macau was one of two hotels in Macau to receive the Forbes five-star distinction. The Spa at Wynn Macau also received the Forbes five-star award. Wynn Macau includes a show in its rotunda featuring a Chinese zodiac-inspired ceiling and interchangeable gold "prosperity tree" and "dragon of fortune" attractions.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations" for information about our net revenues.

Construction and Development

Encore at Wynn Macau. We are completing construction of Encore at Wynn Macau, a further expansion of Wynn Macau. Encore at Wynn Macau will add a fully-integrated resort hotel to Wynn Macau, planned to include approximately 410 luxury suites and four villas along with restaurants, additional retail space and additional gaming space. We expect Encore at Wynn Macau to open in April 2010. We expect total costs to be approximately \$600 million. As of December 31, 2009, we had incurred approximately \$454.9 million related to the development and construction of Encore at Wynn Macau.

General. In the ordinary course of our business, in response to market developments and customer preferences, we have made and continue to make certain enhancements and refinements to our properties. We have incurred and will continue to incur these capital expenditures at Wynn Las Vegas, Encore at Wynn Las Vegas and Wynn Macau.

Other Development Opportunities

On February 24, 2010, we announced we entered into a letter of intent with Philadelphia Entertainment and Development Partners, LP (PEDP), providing that one of our affiliates will become the manager and managing general partner in the PEDP casino project slated for the Philadelphia waterfront. The agreement is subject to the satisfaction of certain conditions including the approval of the Pennsylvania Gaming Board.

Approximately 142 acres of land adjacent to Wynn Las Vegas and Encore at Wynn Las Vegas is currently improved with a golf course. While we may develop this property in the future, due to the current economic environment and certain restrictions in our credit facilities, we have no immediate plans to do so.

We have applied to the government of Macau for a land concession for approximately 52 acres on Cotai and are awaiting final governmental approval of this concession. No construction timeline or budget has yet been developed.

We continually seek out new opportunities for additional gaming or related businesses, in Las Vegas, other markets in the United States, and worldwide.

SELECTED FINANCIAL DATA

The following tables reflect the selected consolidated financial data of Wynn Resorts and its subsidiaries. This data should be read together with our Consolidated Financial Statements and Notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other information contained in this Annual Report. Operating results for the periods presented are not indicative of the results that may be expected for future years. Significant events impacting our operational results include:

- Prior to April 28, 2005, we were solely a development stage company.
- On April 28, 2005, we opened our Wynn Las Vegas resort.
- On September 6, 2006, we opened our Wynn Macau resort.
- On September 11, 2006, we completed the sale of our Macau subconcession right and recognized a pre-tax gain of \$899.4 million.
- On December 24, 2007, we opened an expansion of our Wynn Macau resort.
- On December 22, 2008, we opened Encore at Wynn Las Vegas.

	Years Ended December 31,				
(in thousands, except per share amounts)	2009	2008	2007	2006	2005
Consolidated Statements of Operations Data:					
Net revenues	\$3,045,611	\$2,987,324	\$2,687,519	\$1,432,257	\$ 721,981
Pre-opening costs	1,817	72,375	7,063	62,726	96,940
Operating income/(loss)	234,963	312,136	427,355	68,367	(26,027)
Net income/(loss) ⁽¹⁾	39,107	210,479	196,336	599,552	(115,705)
Less: Net income attributable to non-controlling interest ⁽²⁾	(18,453)	—	—	—	—
Net income (loss) attributable to Wynn Resorts	20,654	210,479	196,336	599,552	(115,705)
Basic income/(loss) per share	0.17	1.94	1.85	6.00	(1.18)
Diluted income/(loss) per share	0.17	1.92	1.80	6.00	(1.18)

WYNN RESORTS, LIMITED

	As of December 31,				
(in thousands, except per share amounts)	2009	2008	2007	2006	2005
Consolidated Balance Sheets Data:					
Cash and cash equivalents	\$1,991,830	\$1,133,904	\$1,275,120	\$ 789,407	\$ 434,289
Restricted cash and investments ⁽³⁾	—	—	531,120	237,386	442,602
Construction in progress	457,594	221,696	923,325	346,192	287,493
Total assets	7,581,769	6,755,788	6,312,820	4,667,951	3,950,337
Total long-term obligations ⁽⁴⁾	3,695,821	4,421,885	3,612,987	2,287,783	1,974,398
Stockholders' equity	3,160,363	1,601,595	1,956,959	1,727,766	1,675,194
Cash distribution declared per common share	\$ 4.00	\$ 0	\$ 6.00	\$ 6.00	\$ 0

(1) Net income for 2006 includes a pre-tax gain on sale of subconcession right of \$899.4 million.

(2) In October 2009, Wynn Macau, Limited, our newly formed and indirect wholly-owned subsidiary and the developer, owner and operator of Wynn Macau, had its ordinary shares of common stock listed on The Stock Exchange of Hong Kong Limited. Wynn Macau, Limited sold 1,437,500,000 (27.7%) shares of its common stock through an initial public offering. The \$18.5 million represents the non-controlling interests share of our net income for the period from October 9, 2009, the date of the IPO, through December 31, 2009.

(3) Restricted cash and investments primarily reflect the proceeds of our debt and equity financings that were restricted for the repurchase of our common stock and construction of Encore at Wynn Las Vegas, and prior to December 31, 2005, for construction of Wynn Las Vegas.

(4) Includes long-term debt, the required contract premium payments under our land concession contract at Wynn Macau, construction retention, and other long-term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and the notes thereto included elsewhere in this Annual Report.

Overview

We are a developer, owner and operator of destination casino resorts. We currently own and operate Wynn Las Vegas, a destination casino resort in Las Vegas, Nevada, which opened on April 28, 2005, Encore at Wynn Las Vegas, a destination casino resort located adjacent to Wynn Las Vegas, which opened on December 22, 2008, and Wynn Macau, a destination casino resort in the Macau Special Administrative Region of the People's Republic of China ("Macau"), which opened on September 6, 2006. We are completing construction of Encore at Wynn Macau, a further expansion of Wynn Macau, which is expected to open in April 2010. We believe that our properties are the preeminent destination casino resorts in their respective markets. Until the opening of Wynn Las Vegas in 2005, we were solely a development stage company.

Our Resorts

The following table sets forth information about our operating properties as of February 2010:

	Hotel Rooms & Suites	Approximate Casino Square Footage	Approximate Number of Table Games	Approximate Number of Slots
Wynn Las Vegas	2,716	110,000	130	1,920
Encore at Wynn Las Vegas	2,034	76,000	90	790
Wynn Macau	600	222,000	390	1,200

Wynn Las Vegas. Wynn Las Vegas is located at the intersection of the Las Vegas Strip and Sands Avenue and occupies approximately 217 acres of land fronting the Las Vegas Strip. In addition, we own approximately 18 additional acres across Sands Avenue, a portion of which is utilized for employee parking and approximately 5 acres adjacent to the golf course on which an office building is located. Wynn Las Vegas features:

- An approximately 110,000 square foot casino offering 24-hour gaming and a full range of games, including private baccarat salons, a poker room, and a race and sports book;
- Luxury hotel accommodations in 2,716 spacious hotel rooms, suites and villas;
- 22 food and beverage outlets;
- A Ferrari and Maserati automobile dealership;
- Approximately 74,000 square feet of high-end, brand-name retail shopping, including stores and boutiques featuring Alexander McQueen, Brioni, Cartier, Chanel, Dior, Graff, Louis Vuitton, Manolo Blahnik, Oscar de la Renta, Vertu and others;

- Recreation and leisure facilities, including an 18-hole golf course, five swimming pools, private cabanas and a full service spa and salon; and
- A showroom, two nightclubs and lounges.

Encore at Wynn Las Vegas. We opened Encore at Wynn Las Vegas on December 22, 2008. Encore at Wynn Las Vegas features:

- An approximately 76,000 square foot casino offering 24-hour gaming and a full range of games, including private gaming salons and a sports book;
- Luxury hotel accommodation in 2,034 all-suite rooms;
- Twelve food and beverage outlets;
- Approximately 27,000 square feet of high-end brand name retail shopping, including stores and boutiques featuring Hermès, Chanel and others;
- Recreation and leisure facilities including swimming pools, private cabanas and a full service spa and salon; and
- A showroom, nightclub and lounges.

In response to the evaluation of our Las Vegas Operations and the reactions of our guests, we have made and expect to continue to make enhancements and refinements to our resorts.

Construction is currently underway to replace Encore's porte-cochere on Las Vegas Boulevard with the Encore Beach Club that will feature pools, food and beverage, and nightlife offerings. The total project budget for the Encore Beach Club is approximately \$68 million. The Beach Club is expected to open on schedule in the second quarter of 2010.

Wynn Macau. We opened Wynn Macau on September 6, 2006 and we completed expansions of this resort in December 2007 and November 2009. We operate Wynn Macau under a 20-year casino concession agreement granted by the Macau government in June 2002. Wynn Macau features:

- An approximately 222,000 square foot casino offering 24-hour gaming and a full range of games, including private gaming salons and a poker room;
- Luxury hotel accommodations in 600 rooms and suites;
- Casual and fine dining in six restaurants;
- Approximately 48,000 square feet of high-end, brand-name retail shopping, including stores and boutiques featuring Bvlgari, Chanel, Dior, Dunhill, Fendi, Ferrari, Giorgio Armani, Gucci, Hermès, Hugo Boss, Louis Vuitton, Miù Miù, Piaget, Prada, Rolex, Tiffany, Van Cleef & Arpels, Versace, Vertu, Zegna and others;
- Recreation and leisure facilities, including a health club, pool and spa; and
- Lounges and meeting facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In response to our evaluation of Wynn Macau and the reactions of our guests, we have made and expect to continue to make enhancements and refinements to the resort.

We are completing construction on Encore at Wynn Macau, a further expansion of Wynn Macau that will add a fully-integrated resort hotel with approximately 410 luxury suites and four villas, as well as additional gaming areas, food and beverage and retail amenities. We expect Encore at Wynn Macau to open in April 2010.

Future Development. On February 24, 2010, we announced we entered into a letter of intent with Philadelphia Entertainment and Development Partners, LP (PEDP), providing that one of our affiliates will become the manager and managing general partner in the PEDP casino project slated for the Philadelphia waterfront. The agreement is subject to the satisfaction of certain conditions including the approval of the Pennsylvania Gaming Board.

Approximately 142 acres of land comprising Wynn Las Vegas and Encore at Wynn Las Vegas is currently improved with a golf course. While we may develop this property in the future, we have no immediate plans to do so.

We have applied to the government of Macau for a land concession for approximately 52 acres on Cotai and are awaiting final governmental approval of this concession. No construction timeline or budget has been prepared.

Current Economic and Operating Environment. Due to a number of factors affecting consumers, including a slowdown in global economies, contracting credit markets, reduced consumer spending, and U.S. political leadership, the outlook for the gaming, travel and entertainment industries both domestically and abroad continues to remain highly uncertain. Auto traffic into Las Vegas, airline capacity and air travel to McCarran International airport have continued to decline year over year, resulting in lower casino volumes and a reduced demand for hotel rooms. This slowdown was particularly significant in the fourth quarter of 2008 and continued throughout 2009, most significantly affecting our U.S. operations. Based on our experience over this past year and current market conditions, we believe that our Las Vegas operations will continue to experience lower than historical hotel occupancy rates, room rates, casino volumes and departmental profitability. Significant new supply in Las Vegas will put additional pressure on occupancy and room rates during 2010. As a result of the current economic and market conditions, we have focused on efficiency initiatives that we began implementing at both of our properties and corporate offices in early 2009. These initiatives include reductions in pay for certain salaried employees, reduced work weeks for full-time hourly employees, a reduction of certain 2009 bonus accruals and a suspension of the employer match to the 401(k) plan. We continually review the cost structure of our operating properties and corporate offices to identify further opportunities to reduce costs. In addition to the slowing global economy, Wynn Macau was adversely affected during 2009 by certain visa restrictions implemented in September 2008.

Results of Operations

Our results of operations for the periods presented are not comparable as the year ended December 31, 2009 includes Encore at Wynn Las Vegas for a full year, whereas 2008 included only 10 days of operations for Encore at Wynn Las Vegas. We also believe that our operating results at both properties for the years ended December 31, 2009 and 2008, were adversely impacted by the weakened global economy. Disruptions in the global financial and stock markets and reduced levels of consumer spending have and are likely to continue to adversely impact our financial results. In addition, as noted above, visa restrictions have placed certain limitations on visitation to Macau.

The table below displays our net revenues for the years ended December 31, 2009, 2008 and 2007 (amounts in thousands):

	For the Years Ended December 31,		
	2009	2008	2007
Net Revenues:			
Wynn Las Vegas, including Encore	\$1,229,573	\$1,098,889	\$1,295,381
Wynn Macau	1,816,038	1,888,435	1,392,138
Total net revenues	\$3,045,611	\$2,987,324	\$2,687,519

Reliance on only two properties (in two geographic regions) for our operating cash flow exposes us to certain risks that competitors, whose operations are more diversified, may be better able to control. In addition to the concentration of operations in two properties, many of our customers are high-end gaming customers who wager on credit, thus exposing us to increased credit risk. High-end gaming also increases the potential for variability in our results.

Operating Measures. Certain key operating statistics specific to the gaming industry are included in our discussion of our operational performance for the periods for which a Consolidated Statement of Income is presented. There are two methods used to calculate win percentage in the casino industry. In Las Vegas and in the general casino at Wynn Macau, customers primarily purchase gaming chips from gaming tables. The cash and net markers used to purchase the gaming chips from gaming tables are deposited in the gaming table's drop box. This is the base of measurement that we use in the casino at our Las Vegas Operations and in the general casino at Wynn Macau for calculating win percentage.

In our VIP casino at Wynn Macau, customers primarily purchase non-negotiable rolling chips from the casino cage and there is no deposit into a gaming table drop box from chips purchased from the cage. Non-negotiable chips can only be used to make wagers. Winning wagers are paid in cash chips. The loss of the non-negotiable rolling chips in the VIP casino is recorded as turnover and provides a base for measuring VIP casino win percentage. Because of this difference in chip purchase activity, the measurement base used in the general casino is not the same that is used in the VIP casino. It is customary in Macau to measure VIP casino play using this Rolling Chip method.

The measurement method in Las Vegas and in the general casino at Wynn Macau effectively tracks the initial purchase of chips while the measurement method in the VIP casino at Wynn Macau effectively tracks the sum of all losing wagers. Accordingly, the base measurement in the VIP

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

casino is much larger than the general casino. As a result, the expected win percent with the same amount of gaming win (numerator) is smaller in the VIP casino at Wynn Macau when compared to the general casino in Las Vegas and Macau.

Even though both use the same measurement method, we experience different win percentages in the general casino activity in Las Vegas versus Macau. This difference is primarily due to the difference in the mix of table games between the two casinos. Each type of table game has its own theoretical win percentage. The life to date table games win percentage for our Las Vegas operations is 21.9% whereas the life to date table games win percentage for the general casino at Wynn Macau is 19.9%.

Below are definitions of the statistics discussed:

- Table games win is the amount of drop or turnover that is retained and recorded as casino revenue.
- Drop is the amount of cash and net markers issued that are deposited in a gaming table's drop box.
- Turnover is the sum of all losing Rolling Chip wagers within our Wynn Macau VIP program.
- Rolling Chips are identifiable chips that are used to track VIP wagering volume (turnover) for purposes of calculating incentives.
- Slot win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenue.
- Average Daily Rate ("ADR") is calculated by dividing total room revenue (less service charges, if any) by total rooms occupied.
- Revenue per Available Room ("REVPAR") is calculated by dividing total room revenue (less service charges, if any) by total rooms available.

Financial Results for the Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

As noted earlier, our financial results for the year ended December 31, 2009 are not comparable to the year ended December 31, 2008, as the year ended December 31, 2009 includes the operations of Encore at Wynn Las Vegas which opened on December 22, 2008, whereas the prior year includes only 10 days of Encore at Wynn Las Vegas:

Revenues. Net revenues for the year ended December 31, 2009 are comprised of \$2,206.8 million in casino revenues (72.5% of total net revenues) and \$838.8 million of net non-casino revenues (27.5% of total net revenues). Net revenues for the year ended December 31, 2008 were comprised of \$2,261.9 million in casino revenues (75.7% of total net revenues) and \$725.4 million of net non-casino revenues (24.3% of total net revenues).

Casino revenues are comprised of the net win from our table games and slot machine operations. Casino revenues for the year ended December 31, 2009 of approximately \$2,206.8 million represents a \$55.1 million (or 2.4 %) decrease from casino revenues of \$2,261.9 million for the year

ended December 31, 2008. We expanded Wynn Las Vegas with the opening of Encore at Wynn Las Vegas in December 2008. Encore added approximately 90 table games and approximately 800 slot machines to our Las Vegas casino operations. Even with these additions in capacity, our Las Vegas Operations experienced only a 5.4% increase in casino revenues, from \$479.7 million in 2008 to \$505.8 million in 2009, due to an increase in drop of 1.2% and a slight increase in our average table games win percentage. Our average table games win percentage (before discounts) for the year ended December 31, 2009 was 20.2%, which was below the expected range of 21% to 24% and compares to 20.0% for the prior year. Slot handle at our Las Vegas Operations decreased 2.5% during the year ended December 31, 2009 as compared to 2008, and the slot win percentage was within the expected range of 4.5% to 5.5%.

Casino revenues at Wynn Macau decreased \$81.2 million during the year ended December 31, 2009, compared to the prior year. At Wynn Macau, we experienced an 8% decrease in the VIP revenue segment primarily due to a 2% decrease in turnover and a decrease in our win as a percent of turnover. Our win as a percent of turnover was 2.9%, which was within the expected range of 2.7% to 3.0%, and compares to 3.0% in 2008. Our VIP casino segment win as a percent of turnover includes a nominal beneficial effect attributable to non-rolling chip play in that segment. In our general casino at Wynn Macau, drop decreased 12.2% when compared to the prior year and the average table games win percentage was 21.9%, which was above the expected range of 19% to 21%. The average table games win percentage in the general casino at Wynn Macau for the year ended December 31, 2008 was 19.6%. Slot handle at Wynn Macau increased 12.7% compared to the prior year and the slot win percentage was within the expected range of 4.5% to 5.5%. The increase in slot handle was primarily due to the play of high-end slot customers.

For the year ended December 31, 2009, room revenues were approximately \$377.5 million, an increase of \$50.8 million compared to prior year room revenue of \$326.7 million. Room revenue at our Las Vegas Operations increased approximately \$52.6 million compared to the prior year due to the addition of 2,034 suites at Encore at Wynn Las Vegas, which opened December 22, 2008. In Las Vegas, we continued to experience a significant decrease in occupancy and room rates during the year ended December 31, 2009, compared to the year ended December 31, 2008. Room revenue at Wynn Macau decreased approximately \$1.8 million due to a decrease in room rates compared to the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The table below sets forth key operating measures related to room revenue.

	Year Ended December 31,	
	2009	2008
Average Daily Rate		
Las Vegas	\$217	\$288
Macau	266	275
Occupancy		
Las Vegas	85.2%	91.8%
Macau	87.5%	87.3%
REVPAR		
Las Vegas	\$185	\$265
Macau	233	240

Other non-casino revenues for the year ended December 31, 2009 include food and beverage revenues of approximately \$436.4 million, retail revenues of approximately \$165.1 million, entertainment revenues of approximately \$57.1 million, and other revenues from outlets such as the spa and salon, of approximately \$66.2 million. Other non-gaming revenues for the year ended December 31, 2008 include food and beverage revenues of approximately \$358.7 million, retail revenues of approximately \$147.9 million, entertainment revenues of approximately \$66.2 million, and other revenues from outlets, including the spa and salon, of approximately \$56 million. Food and beverage revenues at our Las Vegas Operations increased as a result of the additional 12 food and beverage outlets located in Encore at Wynn Las Vegas, including a new night club, which opened in December 2008, offset by a decrease of \$2.4 million at Wynn Macau, as compared to the prior year. Although we added new retail outlets at Encore at Wynn Las Vegas, overall retail revenues in Las Vegas were flat. Retail revenues at Wynn Macau increased approximately \$16.9 million due primarily to increased sales at several retail outlets and the opening of Wynn and Co. Watches and Jewelry, which sells Cartier, Jaeger Le Coultre, and Kwiat products. Entertainment revenues decreased over the prior year primarily due to the closure of the *Spamalot* production show at Wynn Las Vegas in July 2008. This decrease was offset in part by revenue from headliner acts that performed during 2009, including Garth Brooks, who began performing in the Encore Theater in December 2009.

Departmental, Administrative and Other Expenses. During the year ended December 31, 2009, departmental expenses include casino expense of \$1,462.3 million, rooms expense of \$109.2 million, food and beverage expense of \$251.2 million, and entertainment, retail and other expense of \$166.6 million. Also included are general and administrative expenses of approximately \$366.8 million and approximately \$13.7 million charged as a provision for doubtful accounts receivable. During the year ended December 31, 2008, departmental expenses include casino expenses of \$1,490.9 million, room expenses of \$78.2 million, food and beverage expenses of \$207.3 million, and entertainment and retail and other expenses of \$161.9 million. Also included are general and administrative expenses of approximately \$319.3 million and approximately \$49.4 million charged as a provision for doubtful accounts receivable. Casino expenses have decreased during the year ended December 31, 2009, due to a decrease in casino revenues especially at Wynn Macau where

a gaming tax of 39% is the significant driver of expense in that department. Room, food and beverage and general and administrative expenses increased as a result of the opening of Encore at Wynn Las Vegas in December 2008. Entertainment, retail and other expense increased primarily in the entertainment department due to headliner performances during the year. Our provision for doubtful accounts receivable declined during the year ended December 31, 2009, compared to the prior year due to recent strong collection trends on our casino accounts receivable. This strength has allowed us to reduce the additional reserves we recorded in the third quarter of 2008.

Pre-Opening Costs. During the year ended December 31, 2009, we incurred pre-opening costs of \$1.8 million compared to \$72.4 million for the year ended December 31, 2008. Pre-opening costs incurred during the year ended December 31, 2009 were related to Encore at Wynn Macau. Pre-opening costs incurred during the year ended December 31, 2008 were related to Encore at Wynn Las Vegas which opened in December 2008. We expect that pre-opening costs related to Encore at Wynn Macau will accelerate as we approach opening in April 2010.

Depreciation and Amortization. Depreciation and amortization for the year ended December 31, 2009, of \$410.5 million increased by \$147.3 million when compared to the year ended December 31, 2008, primarily due to depreciation of the assets of Encore at Wynn Las Vegas which were placed into service in December 2008.

During the construction of our properties, costs incurred in the construction of the buildings, improvements to land and the purchases of assets for use in operations are capitalized. Once these properties opened, their assets were placed into service and we began recognizing the associated depreciation expense. Depreciation expenses will continue throughout the estimated useful lives of these assets. In addition, we continually evaluate the useful life of our property and equipment, intangibles and other assets and adjust them when warranted.

The maximum useful life of assets at Wynn Macau is the remaining life of the gaming concession or land concession, which currently expire in June 2022 and 2029, respectively. Consequently, depreciation related to Wynn Macau is charged on an accelerated basis when compared to our Las Vegas Operations.

Property Charges and Other. Property charges and other generally include costs related to the retirement of assets for remodels and asset abandonments. Property charges and other for the year ended December 31, 2009 were \$28.5 million compared to approximately \$32.6 million for the year ended December 31, 2008. Property charges and other for the year ended December 31, 2009 included the following: (a) a \$16.7 million charge for the abandonment of the front porte-cochere at Encore at Wynn Las Vegas to make way for an addition to that property; (b) a \$6.8 million charge for the write-off of 2 aircraft deposits; and (c) \$5 million related to miscellaneous remodels, abandonments and loss on sale of equipment.

Property charges and other for the year ended December 31, 2008 include \$17.8 million of costs associated with Spamlot at Wynn Las Vegas which closed in July 2008. The costs included the production rights that were included in intangible assets, show production costs that were included in other assets and certain other property and equipment. In 2008, we also incurred a \$3.6 million charge at Wynn Macau related to the abandonment of certain existing floor space to begin

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

construction of a new restaurant. The remaining property charges during 2008 were related to miscellaneous renovations and abandonments at both Wynn Las Vegas and Wynn Macau.

We expect to continue to remodel and make enhancements at our resorts.

Other Non-Operating Costs and Expenses. Interest income was \$1.7 million for the year ended December 31, 2009, compared to \$21.5 million for the year ended December 31, 2008. Interest income decreased \$19.8 million primarily due to a significant decrease in the average interest rates earned on invested cash balances compared to the prior year. During 2009, our short-term investment strategy was primarily to preserve capital while retaining sufficient liquidity. Accordingly, our short-term investments were primarily in investments in U.S. Treasury Bills with a maturity of three months or less.

Interest expense was \$211.4 million, net of capitalized interest of \$10.7 million, for the year ended December 31, 2009, compared to \$172.7 million, net of capitalized interest of \$87.4 million, for the year ended December 31, 2008. Our interest expense increased due to (i) \$76.7 million less of capitalized interest related to our construction activities with the opening of Encore at Wynn Las Vegas in December 2008, (ii) approximately \$8.4 million of interest related to the 7 $\frac{7}{8}$ % \$500 million First Mortgage Notes issued in October 2009, (iii) approximately \$3.9 million of interest related to additional borrowings on our Wynn Macau credit facilities during the year and (iv) approximately \$0.6 million of interest associated with increased interest rates on the Wynn Las Vegas revolver. These increases were offset by (i) approximately \$38.6 million less interest due to the November 2008 paydown of the Wynn Resorts term loan, as well as the subsequent \$375 million payoff of such term loan in June 2009, (ii) approximately \$3 million less interest related to the purchase of \$65.8 million of 6 $\frac{5}{8}$ % First Mortgage Notes, and (iii) approximately \$9.3 million less interest due to lower average interest rates on the remainder of our debt including the expiration of the Wynn Las Vegas interest rate swap in December 2008.

Changes in the fair value of our interest rate swaps are recorded as an increase/(decrease) in swap fair value in each period. We recorded an expense of approximately \$2.3 million for the year ended December 31, 2009 resulting from the decrease in the fair value of our interest rate swaps from December 31, 2008 to December 31, 2009. During the year ended December 31, 2008 we recorded an expense of \$31.5 million resulting from the net decrease in the fair value of interest rate swaps between December 31, 2007 and December 31, 2008. For further information on our interest rate swaps, see "Quantitative and Qualitative Disclosures About Market Risk."

As a result of several debt retirements, we recorded a gain on early extinguishment of debt of \$18.7 million during the year ended December 31, 2009. During 2009, we purchased and retired outstanding loans of \$375 million under the Wynn Resorts term loan at a discounted price of 97.25%. In connection with this transaction, we recognized an \$8.8 million gain on early retirement of debt, net of the write-off of unamortized debt issue cost. We purchased \$65.8 million face amount of the Wynn Las Vegas 6 $\frac{5}{8}$ % First Mortgage Notes due 2014 through open market purchases at a discount. This transaction resulted in a gain on early extinguishment of debt of \$13.7 million, net of the write-off of unamortized debt discount and debt issue costs. As of December 31, 2009, Wynn Resorts holds this debt and has not contributed it to its wholly-owned subsidiary,

Wynn Las Vegas. However, for accounting purposes this transaction has been treated as an extinguishment of debt by Wynn Resorts. In October 2009, we purchased loans through an offer to purchase loans outstanding under the Wynn Las Vegas credit agreement, with a face-value of \$87.6 million for \$84.4 million, reflecting a discounted price of 96.37%. In connection with this transaction, we recognized a gain of approximately \$2.1 million on early retirement of debt in the fourth quarter of 2009.

Other represents the loss recognized in connection with foreign currency remeasurements of assets and liabilities in Macau that are not denominated in the local currency.

Income Taxes: During the year ended December 31, 2009, we recorded a tax expense of \$3.0 million. Our provision for income taxes primarily relates to an increase in a valuation allowance related to foreign tax credits resulting from the repatriation of Wynn Macau earnings and the Wynn Macau Limited IPO proceeds. As discussed in our footnote on income taxes (Note 15), we currently do not consider forecasted future operating results when scheduling the realization of deferred tax assets and the required valuation allowance but instead rely solely on the reversal of net taxable temporary differences. The ultimate realization of our recorded foreign tax credit deferred tax asset is dependent upon the incurrence of sufficient U.S. income tax liabilities attributable to foreign source income during the 10-year foreign tax credit carryover period.

As of December 31, 2009, we have provided deferred income taxes net of foreign tax credits on the Wynn Macau Limited IPO proceeds (Note 13) planned for repatriation. No deferred income taxes have been provided for earnings of foreign subsidiaries that are considered permanently reinvested. During the year ended December 31, 2008, we recorded a tax benefit of \$61.6 million primarily associated with foreign tax credits applicable to earnings not considered permanently invested abroad. As of December 31, 2008, none of our foreign earnings were considered permanently invested abroad.

Effective September 6, 2006, Wynn Macau, S.A. received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits. Accordingly, we were exempted from the payment of approximately \$31.7 million in such taxes for the year ended December 31, 2009. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau Special Gaming tax and other levies totaling 39% in accordance with our concession agreement. In June 2009, Wynn Macau, S.A. entered into an agreement with the Macau Special Administrative Region that provides for an annual payment of MOP \$7.2 million (approximately \$900,000 US dollars) to the Macau Special Administrative Region as complementary tax due by shareholders on dividend distributions. This agreement is effective as of 2006. Therefore, included in the tax provision for the year ended December 31, 2009, are the amounts related to the years 2006 through 2009 totaling \$3.6 million. This agreement on dividends is effective through 2010.

In February 2010, we entered into a Pre-Filing Agreement ("PFA") with the Internal Revenue Service ("IRS") providing that the Macau Special Gaming Tax qualifies as a tax paid in lieu of an income tax and can be claimed as a U.S. foreign tax credit. In January 2010, the IRS commenced an examination of the company's 2006, 2007, and 2008 U.S. federal income tax returns. During the year ended December 31, 2009, we received the results of an IRS examination of our 2004 and 2005 tax

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

returns and we filed an appeal of the examination's findings. In connection with that appeal, we agreed to extend the statute of limitations for our 2004 and 2005 tax returns to March 15, 2011. We do not expect resolution of the findings within 12 months. We believe that our liabilities for uncertain tax positions related to the examination's findings are adequate. The resolution of the 2004 and 2005 IRS examination is not expected to result in any significant cash payment, but rather the utilization of a portion of our 2008 foreign tax credit carryforward.

Net Income Attributable to Non-Controlling Interests. In October 2009, Wynn Macau, Limited, our newly formed and indirect wholly-owned subsidiary and the developer, owner and operator of Wynn Macau, had its ordinary shares of common stock listed on The Stock Exchange of Hong Kong Limited. Wynn Macau, Limited sold 1,437,500,000 (27.7%) shares of its common stock through an initial public offering. The \$18.5 million represents the non-controlling interests share of our net income for the period from October 9, 2009, the date of the IPO, through December 31, 2009.

Financial Results for the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Revenues. Net revenues for the year ended December 31, 2008 are comprised of \$2,261.9 million in casino revenues (75.7% of total net revenues) and \$725.4 million of net non-casino revenues (24.3% of total net revenues). Net revenues for the year ended December 31, 2007 were comprised of \$1,949.9 million in casino revenues (72.6% of total net revenues) and \$737.6 million of net non-casino revenues (27.4% of total net revenues). Encore at Wynn Las Vegas, which opened on December 22, 2008, did not significantly impact our results of operations for the year ended December 31, 2008.

Casino revenues are comprised of the net win from our table games and slot machine operations. Casino revenues for the year ended December 31, 2008 of approximately \$2,261.9 million represents a \$312 million (or 16%) increase from casino revenues of \$1,949.9 million for the year ended December 31, 2007. At Wynn Las Vegas, including Encore at Wynn Las Vegas, we experienced a \$162.6 million decrease in casino revenues compared to the prior year due to a 7.1% decrease in drop and a decrease in our table games win percentage. Our table games win percentage (before discounts) for the year ended December 31, 2008 was 20.0%, which was below the expected range of 21% to 24% and compares to 25.3% for the prior year. Slot handle at Wynn Las Vegas, including Encore at Wynn Las Vegas, decreased 12.9% during the year ended December 31, 2008 as compared to 2007, and the slot win percentage was within the expected range of 4.5% to 5.5%. As noted earlier, we believe the decrease in casino volumes reflects the overall slowdown in the global economy partially offset by the opening of Encore at Wynn Las Vegas. In the fourth quarter of 2008, casino revenue at Wynn Las Vegas, including Encore at Wynn Las Vegas, declined 43.3% compared to the fourth quarter of 2007 as a result of a decrease in table games drop of 20.2% and a decline in our average table games win percentage to 15.3% compared to 23.5% in the prior year fourth quarter. Slot handle at Wynn Las Vegas, including Encore at Wynn Las Vegas, decreased 22.7% during the fourth quarter of 2008 compared to the fourth quarter of 2007.

Casino revenues at Wynn Macau increased \$474.7 million during the year ended December 31, 2008, compared to the prior year. At Wynn Macau, we experienced a 47.4% increase in turnover in

the VIP casino segment and our win as a percent of turnover was 3%, which is at the high end of our expected range of 2.7% to 3% compared to 3.1% in the prior year. Our VIP casino segment win as a percent of turnover includes a nominal beneficial effect attributable to non-rolling chip play. In our general casino at Wynn Macau, drop increased 14.2% when compared to the prior year and the table games win percentage was 19.6%, which is within the expected range of 18% to 20%. The table game win percentage at Wynn Macau for the year ended December 31, 2007 was 19%. Slot handle at Wynn Macau increased 79.5% compared to the prior year and the slot win percentage was within the expected range of 4.5% to 5.5%. The increase in casino revenue at Wynn Macau is a result of growth during the first nine months of 2008 in the Macau market as well as our casino expansion which opened in December 2007.

For the year ended December 31, 2008, total room revenues were approximately \$326.7 million, a \$12.7 million decrease compared to the year ended December 31, 2007. Room revenue at Wynn Las Vegas, including Encore at Wynn Las Vegas, decreased approximately \$17.2 million compared to the prior year due to lower occupancy and lower rates, while room revenue at Wynn Macau increased approximately \$4.5 million due to increased rates. In the fourth quarter of 2008, room revenue at Wynn Las Vegas, including Encore at Wynn Las Vegas, declined by 14% as our occupancy percentage declined 14.6% and the average daily rate declined 6%, all compared to the fourth quarter of 2007. Room rates have continued to decline as the economic slowdown reduces demand for our product.

The table below sets forth key operating measures related to room revenue for Wynn Macau and Wynn Las Vegas, including Encore at Wynn Las Vegas.

	Year Ended December 31,	
	2008	2007
Average Daily Rate		
Las Vegas	\$288	\$300
Macau	275	251
Occupancy		
Las Vegas	91.8%	96.0%
Macau	87.3%	88.8%
REVPAR		
Las Vegas	\$265	\$288
Macau	240	223

Other non-casino revenues for the year ended December 31, 2008 included food and beverage revenues of approximately \$358.7 million, retail revenues of approximately \$147.9 million, entertainment revenues of approximately \$66.2 million, and other revenues from outlets such as the spa and salon, of approximately \$56 million. Other non-gaming revenues for the year ended December 31, 2007 included food and beverage revenues of approximately \$354 million, retail revenues of approximately \$123.4 million, entertainment revenues of approximately \$64.5 million, and other revenues from outlets, including the spa and salon, of approximately \$57.3 million. The increase in food and beverage revenues and retail revenues were primarily driven by our Macau operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

and to a lesser extent 10 days of operations of Encore at Wynn Las Vegas, offset by decreases at Wynn Las Vegas due to the economic factors noted earlier. General growth in the Macau market and our expansion, which opened in December 2007 (including additional retail outlets), were primarily responsible for the increases. Entertainment revenues increased approximately \$10.9 million from Le Rêve at Wynn Las Vegas, offset by a decrease of \$9.2 million due to the closure of Spamalot in mid-July 2008. Together with the producers, we elected to end Spamalot's run at Wynn Las Vegas in July 2008 pursuant to the terms of our contract.

Departmental, Administrative and Other Expenses. During the year ended December 31, 2008, departmental expenses included casino expenses of \$1,491 million, rooms expenses of \$78.2 million, food and beverage expenses of \$207.3 million, and entertainment, retail and other expenses of \$161.9 million. Also included are general and administrative expenses of approximately \$319.3 million and approximately \$49.4 million charged as a provision for doubtful accounts receivable. During the year ended December 31, 2007, departmental expenses included casino expenses of \$1,168.1 million, room expenses of \$83.2 million, food and beverage expenses of \$212.6 million, entertainment, retail and other expenses of \$161.1 million, general and administrative expenses of approximately \$310.8 million and approximately \$36.1 million charged as a provision for doubtful accounts receivable. Casino expenses have increased over the prior year primarily related to the increased revenue at Wynn Macau as noted above, including the 39% gross win tax on casino revenues. Our casino revenues at Wynn Macau increased significantly during 2008 due to our expansion of that facility, which opened in December 2007, and general growth in the Macau market. Our revenues at Wynn Macau are subject to a 39% gross win tax whereas our Las Vegas revenues are subject to a 6.75% gross win tax. As a result, the ratio of casino departmental expenses to casino revenue is higher in Macau than Las Vegas. Macau accounted for a greater percentage of total casino revenue in 2008. Accordingly, casino expenses as a percent of casino revenues increased when comparing the results for the year ended December 31, 2008 to the year ended December 31, 2007.

Room expenses decreased \$5 million during the year ended December 31, 2008 compared to 2007. During both periods, Wynn Las Vegas had 2,716 rooms and Wynn Macau had 600 rooms. On December 22, 2008, we opened Encore at Wynn Las Vegas ("Encore"), which has 2,034 rooms. The addition of Encore for 10 days during the year ended December 31, 2008 had an immaterial impact on our room expenses for the year ended December 31, 2008. The decrease experienced was primarily a result of reduced occupancy at Wynn Las Vegas due to the economic environment.

Food and beverage expenses decreased \$5.3 million during the year ended December 31, 2008, compared to the year ended December 31, 2007, while food and beverage revenues increased \$4.7 million. During 2008, we provided more complimentary food and beverage service to our casino guests compared to 2007. As disclosed in Note 2, Summary of Significant Accounting Policies, the retail value of food and beverage furnished to guests without charge is included in gross food and beverage revenues, and then is deducted as promotional allowances in our Consolidated Statements of Income. In accordance with industry practice, the estimated cost of providing such complimentary food and beverage is charged to the department that benefits from the issuance of the complimentary service, which is primarily the casino department. This resulted in a decrease in food and beverage expense while gross food and beverage revenues increased.

General and administrative expenses have increased primarily related to the opening of our expansion of Wynn Macau in December 2007, offset by a decrease in employee bonuses in Las Vegas. The provision for doubtful accounts increased during the year ended December 31, 2008 compared to 2007, primarily due to an increase in reserves established in light of the current global economic uncertainty.

Pre-Opening Costs. Pre-opening costs for the year ended December 31, 2008 were \$72.4 million compared to \$7.1 million for the year ended December 30, 2007. Pre-opening costs incurred during the year ended December 31, 2008 related to Encore at Wynn Las Vegas. Pre-opening costs related to Encore at Wynn Las Vegas ceased once it opened on December 22, 2008.

Depreciation and Amortization. Depreciation and amortization for the year ended December 31, 2008 was \$263.2 million, an increase of \$43 million when compared to the year ended December 31, 2007, primarily due to (i) depreciation expense associated with the opening of the expansion at Wynn Macau, a portion of which opened in September 2007, and the remainder which opened in December 2007; (ii) shortened estimated lives beginning in March 2008, of certain hotel room furniture, fixtures and equipment at Wynn Las Vegas based on a planned room renovation; and (iii) the opening of Encore at Wynn Las Vegas.

During the construction of our properties, costs incurred in the construction of the buildings, improvements to land and the purchases of assets for use in operations were capitalized. Once these properties opened, their assets were placed into service and we began recognizing the associated depreciation expense. Depreciation expenses will continue throughout the estimated useful lives of these assets. In addition, we continually evaluate the useful lives of our property and equipment, intangibles and other assets and adjust them when warranted.

The maximum useful life of assets at Wynn Macau is the remaining life of the gaming concession or land concession, which currently expire in June 2022 and 2029, respectively. Consequently, depreciation related to Wynn Macau is charged on an accelerated basis when compared to Wynn Las Vegas and Encore at Wynn Las Vegas.

Property Charges and Other. Based upon our evaluation of our completed properties and the reactions of our guests, we have made and continue to make enhancements and refinements to our properties. Costs relating to assets retired or abandoned as a result of these enhancements and remodel efforts are expensed as property charges. Property charges and other for the year ended December 31, 2008 were \$32.6 million compared to approximately \$70.2 million for the year ended December 31, 2007. Property charges and other for the year ended December 31, 2008 included \$17.8 million of costs associated with Spamalot at Wynn Las Vegas which closed in mid-July 2008. Together with the producers, we elected to end the show's run at Wynn Las Vegas pursuant to the contract. The charge includes production rights that were included in intangible assets, show production costs that were included in other assets and certain other property and equipment. We also incurred a charge of \$3.6 million related to the abandonment of certain existing floor space at Wynn Macau to begin construction on a new restaurant. The remaining property charges were related to miscellaneous renovations and abandonments at both Wynn Las Vegas and Wynn Macau.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Property charges and other for the year ended December 31, 2007 included the following charges at Wynn Macau: (a) a \$10 million charge for the abandonment of our parking garage to make way for Encore at Wynn Macau, (b) a \$10.2 million charge related to abandonment costs for portions of the main kitchen, warehouse and restaurants to enable the main casino to be connected with the expansion that opened in December 2007, (c) a \$22.1 million charge related to significant casino and retail reconfigurations in the expansion that opened in December 2007, and (d) a \$15.5 million charge related to the abandonment of a theater. The remaining property charges were related to renovations to portions of the Le Rêve Theater, the abandonment of a marquee sign and the conversion of two retail outlets and a nightclub at Wynn Las Vegas, as well as the remodeling of certain areas at Wynn Macau. Offsetting these charges for the year ended December 31, 2007 was a gain of \$9.4 million on the sale of a company aircraft.

We expect to continue to remodel and make enhancements at our resorts.

Other Non-Operating Costs and Expenses. Interest income decreased by \$25.8 million to \$21.5 million for the year ended December 31, 2008 from \$47.3 million for the year ended December 31, 2007. This decrease was primarily due to a decrease in interest rates as compared to the prior year. During 2008, our short-term investment strategy was primarily to preserve capital while retaining sufficient liquidity. Accordingly, our short-term investments were primarily in investments in U.S. Treasury Bills with a maturity of three months or less.

Interest expense was \$172.7 million, net of capitalized interest of \$87.4 million, for the year ended December 31, 2008, compared to \$145.2 million, net of capitalized interest of \$46 million, for the year ended December 31, 2007. Interest expense increased approximately \$43.4 million due to borrowings under the \$1 billion Wynn Resorts term loan facility drawn in late 2007, approximately \$24.1 million related to the additional \$400 million Wynn Las Vegas first mortgage notes issued in November 2007 and approximately \$12 million net on borrowings from our Wynn Las Vegas, Wynn Macau and other credit facilities. These increases were offset by approximately \$10.6 million less interest expense due to the conversion of the Debentures in July 2007 and an increase of \$41.4 million in capitalized interest related to our construction activities. In future periods, interest expense will increase significantly as we no longer capitalize such costs related to Encore at Wynn Las Vegas.

Changes in the fair value of our interest-rate swaps are recorded as an increase (or decrease) in swap fair value in each period. We recorded a net expense of approximately \$31.5 million for the year ended December 31, 2008 due to the net decrease in the fair value of our interest rate swaps from December 31, 2007 to December 31, 2008. During the year ended December 31, 2007, we recorded a net expense of \$6 million due to the net decrease in the fair value of interest rate swaps between December 31, 2006 and December 31, 2007. For further information on our interest rate swaps, see "Quantitative and Qualitative Disclosures About Market Risk."

Gain (Loss) on Extinguishment of Debt. In November 2008, the Company purchased \$625 million principal amount of its outstanding loans under the \$1 billion Wynn Resorts term loan facility at a discounted price of 95.375%. This resulted in the retirement of \$625 million of principal for a payment of \$596.1 million. In connection with this transaction, we recorded a gain of \$22.3 million on early retirement of debt, net of the write-off of unamortized debt issue costs and fees.

On June 15, 2007, we announced that we had called for redemption on July 20, 2007, all of the then outstanding principal amount of our 6% Convertible Subordinated Debenture, due July 15, 2015 (the "Debentures"). Prior to redemption, in July 2007 all of the holders converted their Debentures into shares of the Company's common stock. As a result, in July 2007, the outstanding Debentures were converted into 9,744,680 shares of the our common stock. In accordance with accounting standards, we recorded a loss on extinguishment of \$93.4 million, which represents the difference between the fair value of the liability component immediately prior to extinguishment and the carrying amount of the liability on such date.

Other represents the loss recognized in connection with foreign currency remeasurements of assets and liabilities in Macau that are not denominated in the local currency.

Income Taxes: During the year ended December 31, 2008, we recorded a current tax provision of \$1.9 million and a deferred tax benefit of \$63.5 million.

During the year ended December 31, 2008, we completed a study of the taxes, levies and obligations assessed on operations of Wynn Macau under Macau law and its Macau Gaming Concession. As a result, we recognized tax benefits of \$722 million (net of valuation allowance increases) for foreign tax credits applicable to the earnings of Wynn Macau. Of the \$722 million, \$650.6 million was used to offset 2008 U.S. income tax expense incurred as a result of the repatriation of Wynn Macau earnings and \$71.4 million (net of valuation allowance) is recorded as deferred tax asset. As of December 31, 2008, we had no earnings in foreign subsidiaries that are considered permanently invested.

Our effective tax rate/(benefit) for the year ended December 31, 2008, was (41.3%). This rate was 76.3 percentage points lower than the U.S. Federal rate of 35%, primarily due to the repatriation of foreign earnings and related foreign tax credits, a domestic operating loss, and the tax holiday applicable to the earnings of Wynn Macau, S.A.

Effective September 6, 2006, Wynn Macau, S.A. received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits. Accordingly, we were exempted from the payment of approximately \$27.7 million in such taxes for the year ended December 31, 2008. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau Special Gaming tax and other levies (at a rate equal to 39%) in accordance with its concession agreement.

Liquidity and Capital Resources

Cash Flow from Operations

Net cash provided by operations for the year ended December 31, 2009 was \$594 million compared to \$523.2 million provided by operations for the year ended December 31, 2008. Cash provided by operations was positively impacted by a decrease in preopening costs that were incurred during 2008 related to Encore at Wynn Las Vegas and from ordinary working capital changes. These increases were offset by increased interest costs as we no longer capitalized interest in Las Vegas with the opening of Encore at Wynn Las Vegas in 2008 and a decrease in departmental profit due to the current economic conditions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources

We require a certain amount of cash on hand for operations. At December 31, 2009, we had approximately \$1.99 billion of cash and cash equivalents available for operations, debt service and retirement, development activities, general corporate purposes, enhancements to our resorts, and to support the development and construction costs of Encore at Wynn Macau. Approximately \$85.6 million of our cash balance is held by Wynn Resorts, Limited, which is not a guarantor of the debt of its subsidiaries, including Wynn Las Vegas, LLC, Wynn Las Vegas Capital Corp. and Wynn Macau, S.A. In addition, as of December 31, 2009, we had approximately \$185 million of availability under our Wynn Las Vegas Revolving Credit Facility and approximately \$500 million of availability under our Wynn Macau Senior Revolving Credit Facility. Except for scheduled quarterly payments totaling \$2.7 million, we have no debt maturities in 2010. Debt maturities in 2011 are scheduled to be \$77.9 million. We believe that cash flow from operations, availability under our bank credit facilities, and our existing cash balances will be adequate to satisfy our anticipated uses of capital during 2010. If any additional financing became necessary, we cannot provide assurance that future borrowings will be available.

Cash and cash equivalents include investments in U.S. Treasury Bills and bank time deposits, all with maturities of less than 90 days.

Investing Activities

Capital expenditures were approximately \$540.9 million, \$1.3 billion and \$1 billion for the years ended December 31, 2009, 2008 and 2007. Our capital expenditures relate primarily to the construction cost associated with Encore at Wynn Las Vegas, which opened in December 2008, expansions at Wynn Macau and the continued construction of Encore at Wynn Macau.

Encore at Wynn Macau. In June 2007, we commenced construction on Encore at Wynn Macau, a further expansion of Wynn Macau. Encore at Wynn Macau is a second hotel tower for Wynn Macau situated on top of a new low-rise podium. Encore at Wynn Macau will add a fully-integrated resort hotel to Wynn Macau, planned to include approximately 410 luxury suites and four villas along with restaurants, additional retail space and additional gaming space. We expect Encore at Wynn Macau to open in April 2010.

We have executed a guaranteed maximum price contract with Leighton Contractors (Asia) Limited, China State Construction Engineering (Hong Kong) Limited and China Construction Engineering (Macau) Company Limited, acting together as the general contractor for the construction of Encore at Wynn Macau. The current guaranteed maximum price, including change orders as of December 31, 2009, is \$417.4 million.

We expect total development and construction costs to be approximately \$600 million. The project budget is being funded from our cash flow from operations at Wynn Macau and existing cash balances.

As of December 31, 2009, we had incurred approximately \$454.9 million of project costs related to the development and construction of Encore at Wynn Macau.

Financing Activities

Wynn Resorts, Limited. In October 2009, Wynn Macau, Limited, our newly formed and indirect wholly-owned subsidiary and the developer, owner and operator of Wynn Macau, listed its ordinary shares of common stock on The Stock Exchange of Hong Kong Limited. Through an initial public offering, including the over-allotment, Wynn Macau, Limited sold 1,437,500,000 (27.7%) shares of its common stock. We received proceeds, net of related costs, of approximately \$1.8 billion as a result of this transaction.

In March 2009, we completed a secondary common stock offering of approximately 11 million shares resulting in net proceeds of \$202.3 million. In November 2008, we completed a secondary common stock offering of 8 million shares resulting in net proceeds of \$344.3 million. In October 2007, we completed a secondary common stock offering of 4.3 million shares resulting in net proceeds of \$664.1 million.

In June 2009, we purchased and retired the remaining \$375 million of outstanding loans from the \$1 billion term loan we borrowed in June 2007, for the primary purpose of funding our equity repurchase program. The purchase price was \$364.7 million reflecting a discounted price of 97.25%. In November 2008, we purchased and retired \$625 million of this term loan. The purchase price was \$596.1 million, reflecting a discounted price of 95.375%.

During the year ended December 31, 2009, we purchased \$65.8 million face amount of the Wynn Las Vegas 6% First Mortgage Notes due 2014 through open market purchases for \$50 million, reflecting a discounted price of 76.1%. As of December 31, 2009, we hold this debt and have not contributed it to our wholly-owned subsidiary, Wynn Las Vegas. For accounting purposes, this transaction has been treated as an extinguishment of debt by Wynn Resorts.

In November 2009, our Board of Directors declared a cash dividend of \$4.00 per share on our outstanding common stock. This dividend was paid on December 3, 2009, to stockholders of record on November 19, 2009. Our Board of Directors also approved the commencement of a regular cash dividend program beginning in 2010. Our Board of Directors will continue to periodically assess the level and appropriateness of any cash dividends. In November 2007, our Board of Directors declared a cash distribution of \$6 per share on our outstanding stock. This distribution was paid on December 10, 2007 to stockholders of record on November 30, 2007.

Our Board of Directors has authorized an equity repurchase program of up to \$1.7 billion. The repurchase program may include repurchases from time to time through open market purchases, in privately negotiated transactions, and under plans complying with Rules 10b5-1 and 10b-18 under the Exchange Act. No share repurchases were made during the year ended December 31, 2009. During the year ended December 31, 2008, we repurchased 10,915,633 shares at a net cost of \$940.1 million and during the year ended December 31, 2007, we repurchased 1,889,321 shares at a net cost of \$179.2 million. Accordingly, as of December 31, 2009, we had repurchased a total of 12,804,954 shares of our common stock for a net cost of \$1.1 billion under the program.

Wynn Las Vegas Credit Facilities. As of December 31, 2009, our Wynn Las Vegas Amended and Restated Credit Agreement (the "Credit Agreement"), consisted of a \$457.9 million revolving credit facility (the "Wynn Las Vegas Revolver") and an \$80.4 million term loan facility (the "Wynn Las

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Vegas Term Loan") (together the "Wynn Las Vegas Credit Facilities"). As of December 31, 2009, we had borrowed \$252.7 million under the Wynn Las Vegas Revolver. We also had \$20.2 million of outstanding letters of credit that reduce our availability under the Wynn Las Vegas Revolver. Consequently, we have availability of \$185 million under the Wynn Las Vegas Revolver as of December 31, 2009. As described below, during the year ended December 31, 2009, we (a) extended the maturity of the Wynn Las Vegas Revolver to July 2013, (b) received relief from certain financial covenants, (c) increased the Wynn Las Vegas Revolver by \$65 million, (d) repurchased \$87.6 million of Wynn Las Vegas Revolver loans at a discount, and (e) used the net proceeds received from our \$500 million 7 $\frac{1}{8}$ % First Mortgage Notes issuance to repay amounts outstanding, including a permanent reduction of the Wynn Las Vegas Credit Facilities of \$360 million.

In April 2009, we entered into a fourth amendment to our Credit Agreement. This amendment, among other things, (i) provides a waiver of the Consolidated Leverage Ratio, as defined in the Credit Agreement, until the quarter ending June 30, 2011, and increases such thresholds thereafter; (ii) provides additional flexibility with our Consolidated Interest Coverage Ratio, as defined in the Credit Agreement, by reducing such ratio from 1.75:1 to 1.25:1 beginning June 30, 2009 through March 31, 2011; and (iii) removes the dollar limit on the equity cure provisions for the purpose of the Consolidated Leverage Ratio and the Consolidated Interest Coverage Ratio over the life of the loan. In exchange for the amendments, we (i) repaid 30% of the outstanding revolver loans of lenders consenting to the extension of their commitment (approximately \$238 million) and permanently reduced such lender commitments by 25% and (ii) agreed to an increase in the interest rate spread on the Wynn Las Vegas Revolver from LIBOR plus 1.625% to LIBOR plus 3.0%.

In August 2009, pursuant to the terms of the Credit Agreement, we expanded the availability of the Wynn Las Vegas Revolver by \$65 million.

In September 2009, we entered into a fifth amendment to our Credit Agreement. This amendment, among other things, (i) permitted Wynn Las Vegas to issue, on or before March 31, 2010, up to \$500 million of new senior secured notes and (ii) requires that 75% of the net cash proceeds of any issuance of new senior secured notes be applied to prepay loans and reduce commitments under the Credit Agreement.

In October 2009, pursuant to an offer to purchase loans outstanding under the Credit Agreement, we purchased loans with a face value of \$87.6 million for \$84.4 million, reflecting a discounted price of 96.37%. As a result of this transaction, the Wynn Las Vegas Revolver was permanently reduced by \$43.8 million and the Wynn Las Vegas Term Loan was permanently reduced by \$44.8 million.

In October 2009, Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. (the "Issuers"), our wholly-owned subsidiaries, respectively, issued, in a private offering, \$500 million aggregate principal amount of 7 $\frac{1}{8}$ % First Mortgage Notes due November 1, 2017 at a price of 97.823% of the principal amount. The notes rank pari passu with the borrowing under the Wynn Las Vegas Credit Facilities and the outstanding 6 $\frac{5}{8}$ % First Mortgage Notes previously issued by the Issuers. The notes are senior secured obligations of the Issuers, are guaranteed by Wynn Las Vegas, LLC's subsidiaries (subject to some exceptions), and are secured on an equal and ratable basis by a first priority lien on substantially all the existing and future assets of the Issuers and guarantors.

In accordance with the fifth amendment to the Wynn Las Vegas Credit Agreement described above, we used the proceeds of this offering to repay amounts outstanding under the Wynn Las Vegas Revolver and Wynn Las Vegas Term Loan.

The Wynn Las Vegas Term Loan will be payable in two installments of \$40.2 million each on September 30, 2012 and August 15, 2013. The Wynn Las Vegas Revolver matures on July 15, 2013.

For borrowings under the Wynn Las Vegas Revolver we have historically elected Eurodollar loans, which bear interest at 1-month LIBOR and currently include a margin of 3.0% on the outstanding balance. We also incur a fee of 1.0% on the daily average of unborrowed amounts. For borrowings under the Wynn Las Vegas Term Loan we have historically elected Eurodollar loans, which bear interest at 1-month LIBOR and currently include a margin of 1.875% on the outstanding balance.

The Wynn Las Vegas Credit Facilities are an obligation of Wynn Las Vegas, LLC and are guaranteed by and secured by substantially all of the assets (except the corporate aircraft) of each of its subsidiaries (other than Wynn Completion Guarantor, LLC). The obligations of Wynn Las Vegas, LLC and the guarantors under the Wynn Las Vegas Credit Agreement rank pari passu in right of payment with their existing and future senior indebtedness, including indebtedness with respect to the First Mortgage Notes and senior in right of payment to all of their existing and future subordinated indebtedness.

The Wynn Las Vegas Credit Agreement contains a requirement that we must make mandatory repayments of indebtedness from specified percentages of excess cash flow. If our Wynn Las Vegas subsidiary meets a Consolidated Leverage Ratio, as defined in the Credit Agreement, of greater than 3.5 to 1, such repayment is defined as 50% of Excess Cash Flow, as defined in the Credit Agreement. If the Consolidated Leverage Ratio is less than 3.5 to 1, then no repayment is required. Based on the current economic conditions in which we are operating, we do not believe that Wynn Las Vegas will have excess cash flow for mandatory repayment pursuant to this provision of the Credit Agreement during the fiscal year ending December 31, 2010, and therefore we do not expect to make any mandatory repayments pursuant to this requirement during 2010.

The Wynn Las Vegas Credit Agreement contains customary covenants restricting our activities including, but not limited to: the ability to sell assets; make capital expenditures, enter into capital leases, make loans or other investments and incur additional indebtedness. In addition, we were required by the financial covenants to maintain a Consolidated Interest Coverage Ratio, as defined, not less than 1.25 to 1 as of December 31, 2009. Management believes that we were in compliance with all covenants at December 31, 2009. We will be required to maintain a Consolidated Leverage Ratio, as defined, of 6.50 to 1 for the quarterly reporting date ending June 30, 2011, 6.25 to 1 for the quarterly reporting date ending September 30, 2011 and 6.00 to 1 for each quarterly reporting date thereafter to maturity. The Consolidated Interest Coverage Ratio remains at 1.25 to 1 for the quarterly reporting dates through March 31, 2011, and then increases to 1.75 to 1 for the quarterly reporting dates June 30, 2011 to maturity.

Wynn Macau Credit Facilities. As of December 31, 2009, our Wynn Macau credit facilities, as amended, consisted of a \$550 million equivalent fully-funded senior term loan facility (the "Wynn Macau Term Loan"), and a \$1 billion equivalent senior revolving credit facility (the "Wynn Macau

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revolver") in a combination of Hong Kong and U.S. dollars (together the "Wynn Macau Credit Facilities"). Wynn Macau, S.A. also has the ability to increase the total facilities by an additional \$50 million pursuant to the terms and provisions of the Amended Common Terms Agreement. As of December 31, 2009, the Wynn Macau Term Loan was fully drawn and we had borrowed \$502 million under the Wynn Macau Revolver. Consequently, we have \$498 million of availability as of December 31, 2009.

The Wynn Macau Term Loan matures in June 2014, and the Wynn Macau Revolver matures in June 2012. The principal amount of the term loan is required to be repaid in quarterly installments, commencing in September 2011. Borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.75%.

Collateral for the Wynn Macau Credit Facilities consists of substantially all of the assets of Wynn Macau, S.A. Certain affiliates that own interests in Wynn Macau, S.A., either directly or indirectly through other subsidiaries, have executed guarantees of the loans and pledged their interests in Wynn Macau, S.A. as additional security for repayment of the loans.

The Wynn Macau Credit Facilities contain a requirement that Wynn Macau must make mandatory repayments of indebtedness from specified percentages of excess cash flow. If our Wynn Macau subsidiary meets a Consolidated Leverage Ratio, as defined, of greater than 4.0 to 1, such repayment is defined as 50% of Excess Cash Flow, as defined. If the Consolidated Leverage Ratio is less than 4.0 to 1, then no repayment is required. Based on current estimates we do not believe that our Consolidated Leverage Ratio during the fiscal year ending December 31, 2010 will exceed 4.0 to 1, and therefore we do not expect to make any mandatory repayments pursuant to this requirement during 2010.

The Wynn Macau Credit Facilities contain customary covenants restricting our activities including, but not limited to: the incurrence of additional indebtedness, the incurrence or creation of liens on any of its property, sales and leaseback transactions, the ability to dispose of assets, and make loans or other investments. In addition, we were required by the financial covenants to maintain a Leverage Ratio, as defined, of not greater than 5.00 to 1 as of December 31, 2009, and Interest Coverage Ratio, as defined, of not less than 2.00 to 1. Management believes that we were in compliance with all covenants at December 31, 2009. The Leverage Ratio decreases to not greater than 4.75 to 1 for the quarterly reporting period ending June 30, 2010, 4.50 to 1 for the quarterly reporting period ending September 30, 2010 and 4.00 to 1 for the quarterly reporting period ending December 31, 2010. The Interest Coverage Ratio requirement remains at not less than 2.00 to 1 for each reporting period during 2010.

Off Balance Sheet Arrangements. We have not entered into any transactions with special purpose entities nor do we engage in any derivatives except for previously discussed interest rate swaps. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity. At December 31, 2009, we had outstanding letters of credit totaling \$20.2 million.

Contractual Obligations and Commitments

The following table summarizes our scheduled contractual commitments at December 31, 2009 (amounts in millions):

	Payments Due By Period				Total
	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	
Long-term debt obligations	\$ 2.7	\$ 790.5	\$2,261.8	\$531.5	\$3,586.5
Fixed interest payments	147.6	295.3	286.3	111.6	840.8
Estimated variable interest payments ⁽¹⁾	51.8	91.1	24.2	1.1	168.2
Operating leases	6.8	5.3	.3	3.0	15.4
Construction contracts and commitments	117.4	—	—	—	117.4
Employment agreements	38.6	40.2	9.0	16.0	103.8
Other ⁽²⁾	72.3	120.0	53.3	71.5	317.1
Total commitments	\$437.2	\$1,342.4	\$2,634.9	\$734.7	\$5,149.2

(1) Amounts for all periods represent our estimated future interest payments on our debt facilities based upon amounts outstanding and LIBOR or HIBOR rates at December 31, 2009. Such rates are at historical lows as of December 31, 2009. Actual rates will vary.

(2) Other includes open purchase orders, commitments for an aircraft purchase, land concession and fixed gaming tax payments in Macau and other contracts. As further discussed in Note 15, "Income Taxes," of this report, we had \$148.4 million of unrecognized tax benefits as of December 31, 2009. Due to the inherent uncertainty of the underlying tax positions, it is not practicable to assign this liability to any particular year and therefore it is not included in the table above as of December 31, 2009.

Other Liquidity Matters

Wynn Resorts is a holding company and, as a result, our ability to pay dividends is highly dependent on our ability to obtain funds and our subsidiaries' ability to provide funds to us. Restrictions imposed by our Wynn Las Vegas and Wynn Macau debt instruments significantly restrict our ability to pay dividends. Specifically, Wynn Las Vegas, LLC and certain of its subsidiaries are restricted under the indentures governing the 6½% and 7½% First Mortgage Notes from making certain "restricted payments" as defined in the indenture. These restricted payments include the payment of dividends or distributions to any direct or indirect holders of equity interests of Wynn Las Vegas, LLC. These restricted payments may not be made unless certain financial and non-financial criteria have been satisfied. The credit facilities of Wynn Las Vegas, LLC and Wynn Macau, S.A. contain similar restrictions; although the Wynn Macau, S.A. loan agreements permit distribution of the net proceeds of the subconcession sale and, provided certain conditions are met, earnings and the distribution of loan proceeds. As a result of the sale of shares in Wynn Macau, Limited in October 2009, we have approximately \$1.2 billion of available cash that is not subject to such restrictions.

Wynn Las Vegas, LLC intends to fund its operations and capital requirements from operating cash flow, availability under the Wynn Las Vegas Revolver and to the extent additional funds are required, with additional contributions from Wynn Resorts. We cannot assure you, however, that our Las Vegas operations will generate sufficient cash flow from operations or that future contributions from Wynn Resorts or the availability of additional indebtedness will be sufficient to enable us to

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

service and repay Wynn Las Vegas, LLC's indebtedness and to fund its other liquidity needs. Similarly, we expect that Wynn Macau will fund Wynn Macau, S.A.'s debt service obligations with existing cash, operating cash flow and availability under the Wynn Macau Revolver. However, we cannot assure you that operating cash flows will be sufficient to do so. We may refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness on acceptable terms or at all.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. We continue to explore opportunities to develop additional gaming or related businesses in Las Vegas, as well as other domestic or international markets. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing. We may decide to conduct any such development through Wynn Resorts or through subsidiaries separate from the Las Vegas or Macau-related entities.

Wynn Resorts' articles of incorporation provide that Wynn Resorts may redeem shares of its capital stock, including its common stock, that are owned or controlled by an unsuitable person or its affiliates to the extent a gaming authority makes a determination of unsuitability and orders the redemption, or to the extent deemed necessary or advisable by our Board of Directors. The redemption price may be paid in cash, by promissory note or both, as required by the applicable gaming authority and, if not, as we elect. Any promissory note that we issue to an unsuitable person or its affiliate in exchange for its shares could increase our debt to equity ratio and would increase our leverage ratio.

Credit Rating

As of February 17, 2010, we had a rating of "BB" with a "negative" outlook by Standard & Poor's and a rating of "Ba3" with a "no" outlook by Moody's Investors Service. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. Our consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. Certain of our accounting policies require management to apply significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management evaluates those estimates, including those relating to the estimated lives of depreciable assets, asset impairment, allowances for doubtful accounts, accruals for customer loyalty rewards, self-insurance, contingencies, litigation and other items. Judgments are based on historical experience, terms of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates.

Development, Construction and Property and Equipment Estimates. During the construction and development of a resort, pre-opening or start-up costs are expensed when incurred. In connection

with the construction and development of our properties, significant start-up costs are incurred and charged to pre-opening costs through their respective openings. Once our properties open, expenses associated with the opening of the resorts are no longer charged as pre-opening costs. Start-up costs relating to Encore at Wynn Macau will be charged to pre-opening costs until it is completed and opened.

During the construction and development stage, direct costs such as those incurred for the design and construction of our properties, including applicable portions of interest, are capitalized. Accordingly, the recorded amounts of property and equipment increase significantly during construction periods. Depreciation expense related to capitalized construction costs is recognized when the related assets are placed in service. Upon the opening of our properties, we began recognizing depreciation expense on the resort's fixed assets.

The remaining estimated useful lives of assets are periodically reviewed.

Our leasehold interest in land in Macau under the land concession contract entered into in June 2004 is being amortized over 25 years, to the initial term of the concession contract, which currently terminates in June 2029. Depreciation on a majority of the assets comprising Wynn Macau commenced in September of 2006, when Wynn Macau opened. The maximum useful life of assets at Wynn Macau is deemed to be the remaining life of the gaming concession, which currently expires in June 2022. Consequently, depreciation related to Wynn Macau will generally be charged over shorter periods when compared to Wynn Las Vegas.

Costs of repairs and maintenance are charged to expense when incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in operating income or loss.

We also evaluate our property and equipment and other long-lived assets for impairment in accordance with applicable accounting standards. For assets to be disposed of, we recognize the asset at the lower of carrying value or fair market value less costs of disposal, as estimated based on comparable asset sales, solicited offers, or a discounted cash flow model. For assets to be held and used, we review for impairment whenever indicators of impairment exist. In reviewing for impairment, we compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment is recorded based on the fair value of the asset, typically measured using a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses.

Allowance for Estimated Doubtful Accounts Receivable. A substantial portion of our outstanding receivables relates to casino credit play. Credit play, through the issuance of markers, represents a significant portion of the table games volume at Wynn Las Vegas. While offered, the issuance of credit at Wynn Macau is less significant when compared to Wynn Las Vegas. Our goal is to maintain strict controls over the issuance of credit and aggressively pursue collection from those customers who fail to pay their balances in a timely fashion. These collection efforts may include the mailing

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

of statements and delinquency notices, personal contacts, the use of outside collection agencies, and litigation. Markers issued at Wynn Las Vegas are generally legally enforceable instruments in the United States, and United States assets of foreign customers may be used to satisfy judgments entered in the United States.

The enforceability of markers and other forms of credit related to gaming debt outside of the United States varies from country to country. Some foreign countries do not recognize the enforceability of gaming related debt, or make enforcement burdensome. We closely consider the likelihood and difficulty of enforceability, among other factors, when issuing credit to customers who are not residents of the United States. In addition to our internal credit and collection departments, located in both Las Vegas and Macau, we have a network of legal, accounting and collection professionals to assist us in our determinations regarding enforceability and our overall collection efforts.

As of December 31, 2009 and December 31, 2008, approximately 76% and 78% of our casino accounts receivable were owed by customers from foreign countries, primarily in Asia. In addition to enforceability issues, the collectability of markers given by foreign customers is affected by a number of factors including changes in currency exchange rates and economic conditions in the customers' home countries.

We regularly evaluate our reserve for bad debts based on a specific review of customer accounts as well as management's prior experience with collection trends in the casino industry and current economic and business conditions. In determining our allowance for estimated doubtful accounts receivable, we apply industry standard reserve percentages to aged account balances and we specifically analyze the collectability of each account with a balance over a specified dollar amount, based upon the age, the customer's financial condition, collection history and any other known information. The standard reserve percentages applied are based on our historical experience and take into consideration current industry and economic conditions.

The following table presents key statistics related to our casino accounts receivable (amounts in thousands):

	December 31,	
	2009	2008
Casino accounts receivable	\$205,330	\$200,115
Allowance for doubtful casino accounts receivable	\$100,959	\$101,880
Allowance as a percentage of casino accounts receivable	49.2%	50.9%
Percentage of casino accounts receivable outstanding over 180 days	41.1%	30.7%

Our reserve for doubtful casino accounts receivable is based on our estimates of amounts collectible and depends on the risk assessments and judgments by management regarding realizability, the state of the economy and our credit policy. Our reserve methodology is applied similarly to credit extended at Wynn Las Vegas, Encore at Wynn Las Vegas and Wynn Macau. As of December 31, 2009 and December 31, 2008, approximately 27% and 29% respectively, of our outstanding casino account receivable balance originated at Wynn Macau.

At December 31, 2009, a 100 basis-point change in the allowance for doubtful accounts as a percentage of casino accounts receivable would change the provision for doubtful accounts by approximately \$2.1 million.

As our customer payment experience evolves, we will continue to refine our estimated reserve for bad debts. Accordingly, the associated provision for doubtful accounts expense may fluctuate. Because individual customer account balances can be significant, the reserve and the provision can change significantly between periods, as we become aware of additional information about a customer or changes in a region's economy or legal system.

Derivative Financial Instruments. We seek to manage our market risk, including interest rate risk associated with variable rate borrowings, through balancing fixed-rate and variable-rate borrowings and the use of derivative financial instruments. We account for derivative financial instruments in accordance with applicable accounting standards. Derivative financial instruments are recognized as assets or liabilities, with changes in fair value affecting net income. As of December 31, 2009, changes in the swap fair values are being recorded in our Consolidated Statements of Income, as the swaps do not qualify for hedge accounting.

We measure the fair value of our interest rate swaps on a recurring basis. Accounting standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. We categorize these swap contracts as Level 2. The fair value approximates the amount we would receive (pay) if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future, interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date, as applicable.

Share-Based Compensation. Accounting standards for share-based payments establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services or incurs a liability in exchange for goods and services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. It requires an entity to measure the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognize that cost over the service period. We use the Black-Scholes valuation model to value the equity instruments we issue. The Black-Scholes valuation model uses assumptions of expected volatility, risk-free interest rates, the expected term of options granted, and expected rates of dividends. Management determines these assumptions by reviewing current market rates, making industry comparisons and reviewing conditions relevant to our Company.

The expected volatility and expected term assumptions can significantly impact the fair value of stock options. We believe that the valuation techniques and the approach utilized to develop our

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

assumptions are reasonable in calculating the fair value of the options we grant. We estimate the expected stock price volatility using a combination of implied and historical factors related to our stock price in accordance with applicable accounting standards. As our stock price fluctuates, this estimate will change. For example, a 10% change in the volatility assumption for 2009 would have resulted in an approximate \$5.7 million change in fair value. Expected term represents the estimated average time between the option's grant date and its exercise date. Because of our limited trading history as a public company we have elected to use the simplified method prescribed by applicable accounting standards, for companies with a limited trading history to estimate the expected term. Once we have sufficient trading history, we will estimate the expected term using historical experience for options that have been granted to employees within our stock option plan. A 10% change in the expected term assumption for 2009 would have resulted in an approximate \$3.3 million change in fair value. These assumed changes in fair value would have been recognized over the vesting schedule of such awards.

Accounting standards also require the classification of stock compensation expense in the same financial statement line items as cash compensation, and therefore impacts our departmental expenses (and related operating margins), pre-opening costs and construction in progress for our development projects, and our general and administrative expenses (including corporate expenses).

Significant Judgmental Accruals. We estimate liabilities for certain self-insurance, customer loyalty program reward redemptions, contingencies, claims and litigation and other items, as appropriate. Management determines the adequacy of these estimates by reviewing the expected trends and from industry experience and adjusts the assumptions utilized as it believes necessary.

Income Taxes. We are subject to income taxes in the United States and other foreign jurisdictions where we operate. Accounting standards require the recognition of deferred tax assets, net of applicable reserves, and liabilities for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities is recognized in the results of operations in the period that includes the enactment date. Accounting standards require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

As of December 31, 2009, we have a foreign tax credit carryover of \$835.4 million and we have recorded a valuation allowance of \$689.4 million against this asset based on our estimate of future realization. The foreign tax credits are attributable to the Macau special gaming tax which is 35% of gross gaming revenue in Macau. The U.S. taxing regime only allows a credit for 35% of "net" foreign source income. Due to our current operating history of U.S. losses, we currently do not rely on forecasted taxable income in order to support the utilization of the foreign tax credits. The estimated future foreign tax credit realization was based upon the estimated future taxable income from the reversal of "net" U.S. taxable temporary differences that we expect will reverse during the 10-year foreign tax credit carryover period. The amount of the valuation allowance is subject to

change based upon the actual reversal of temporary differences and future taxable income exclusive of reversing temporary differences.

Our income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities in the locations where we operate. We assess potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes which we adopted on January 1, 2007. The accounting standards prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. Recognition (Step I), occurs when the Company concludes that a tax position, based on its technical merits, is more likely than not to be sustained upon examination. Measurement (Step II) is only addressed if the position is deemed to be more likely than not to be sustained. Under Step II, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. Use of the term "more likely than not" is consistent with how that term is used in accounting for income taxes (i.e., likelihood of occurrence is greater than 50%).

Tax positions failing to qualify for initial recognition are recognized in the first subsequent interim period that they meet the "more likely than not" standard. If it is subsequently determined that a previously recognized tax position no longer meets the "more likely than not" standard, it is required that the tax position is derecognized. Accounting standards for uncertain tax positions specifically prohibit the use of a valuation allowance as a substitute for derecognition of tax positions. As applicable, we recognize accrued penalties and interest related to unrecognized tax benefits in the provision for income taxes. During the years ended December 31, 2009, 2008 and 2007, we recognized no amounts for interest or penalties.

Effective September 6, 2006, we received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits. Accordingly, during 2009 we were exempted from the payment of approximately \$31.7 million in such taxes. Wynn Macau's non-gaming profits remain subject to the Macau Complementary Tax and Wynn Macau's casino winnings remain subject to the Macau Special Gaming tax and other levies in accordance with its concession agreement.

Recently Issued Accounting Standards

In June 2009, the Financial Accounting Standards Board (the "FASB") issued new accounting standards regarding the consolidation of variable interest entities. These new accounting standards address the effects of elimination of the qualifying special-purpose entity concept from previous standards. These new accounting standards amend previous guidance in determining whether an enterprise has a controlling financial interest in a variable interest entity. This determination identifies the primary beneficiary of a variable interest entity as the enterprise that has both the power to direct the activities of a variable interest entity that most significantly impacts the entity's economic performance and the ability to absorb losses or the right to receive benefits of the entity that could potentially be significant to the variable interest entity. These new accounting standards are effective January 1, 2010. We are currently evaluating the impact, if any, of adopting these new accounting standards on our consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices.

Interest Rate Risks

One of our primary exposures to market risk is interest rate risk associated with our debt facilities that bear interest based on floating rates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Activities." We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings supplemented by hedging activities as believed by us to be appropriate. We cannot assure you that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

The following table provides estimated future cash flow information derived from our best estimates of repayments at December 31, 2009 of our expected long-term indebtedness. However, we cannot predict the LIBOR or HIBOR rates that will be in effect in the future. As of December 31, 2009, such rates were at historic lows. Actual rates will vary. The one-month LIBOR and HIBOR rates at December 31, 2009 of 0.23% and 0.08%, respectively were used for all variable rate calculations in the table below. The information is presented in U.S. dollar equivalents as applicable.

	Year Ending December 31, Expected Maturity Date						
(in millions)	2010	2011	2012	2013	2014	Thereafter	Total
Long-Term Debt:							
Fixed rate	—	—	—	—	\$1,634.2	\$500.0	\$2,134.2
Average interest rate	—	—	—	—	6.6%	7.9%	6.9%
Variable rate	\$2.7	\$77.9	\$712.6	\$438.0	\$ 189.6	\$ 31.5	\$1,452.3
Average interest rate	1.4%	1.8%	1.9%	2.7%	1.9%	1.5%	2.1%

Interest Rate Swap Information

We have entered into floating-for-fixed interest rate swap arrangements relating to certain of our floating-rate debt facilities. We measure the fair value of our interest rate swaps on a recurring basis.

Wynn Las Vegas. We entered into an interest rate swap agreement on August 14, 2009, with an effective date of November 27, 2009, to hedge a portion of the underlying interest rate risk on borrowings under the Wynn Las Vegas Credit Agreement. Under this swap agreement, beginning November 27, 2009, we pay a fixed interest rate of 2.485% on borrowings of \$250 million incurred under the Wynn Las Vegas Credit Agreement in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the interest rate on \$250 million of borrowings under the Wynn Las Vegas Credit Agreement at approximately 5.485%. This interest rate swap agreement matures in November 2012. Changes in the fair value of this interest rate swap have and will continue to be recorded as an increase/(decrease) in swap fair value in our Consolidated Statements of Income as the swap does not qualify for hedge accounting.

Wynn Macau. As of December 31, 2009, we had three interest rate swaps intended to hedge a portion of the underlying interest rate risk on borrowings under the Wynn Macau credit facilities. Under the first swap agreement, we pay a fixed interest rate of 3.632% on U.S. dollar borrowings of \$153.8 million incurred under the Wynn Macau Term Loan in exchange for receipts on the same amounts at a variable interest rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the interest rate on \$153.8 million of the current U.S. dollar borrowings under the Wynn Macau Term Loan at approximately 5.382%. Under the second swap agreement, we pay a fixed interest rate of 3.39% on Hong Kong dollar borrowings of approximately HK\$991.6 million (approximately US\$127.9 million) incurred under the Wynn Macau Term Loan in exchange for receipts on the same amounts at a variable interest rate based on the applicable HIBOR at the time of payment. This interest rate swap fixes the interest rate on approximately \$127.9 million of the current Hong Kong dollar borrowings under the Wynn Macau Term Loan at approximately 5.14%. Both of these interest rate swap agreements mature in August 2011. We entered into a third interest rate swap agreement on August 17, 2009, with an effective date of November 27, 2009, to hedge a portion of the underlying interest rate risk on borrowings under the Wynn Macau Senior Revolving Credit Facility. Under this swap agreement, beginning November 27, 2009, we pay a fixed interest rate of 2.15% on borrowings of approximately HK\$2.3 billion (approximately US\$300 million) incurred under the Wynn Macau Senior Revolving Credit Facility in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. This interest rate swap fixes the interest rate on HK\$2.3 billion (approximately US\$300 million) of borrowings under the Wynn Macau Senior Revolving Credit Facility at approximately 3.9%. This interest rate swap agreement matures in June 2012.

Changes in the fair values of these interest rate swaps for each reporting period recorded are, and will continue to be, recognized as an increase/(decrease) in swap fair value in our Consolidated Statements of Income, as the swaps do not qualify for hedge accounting.

Summary of Historical Fair Values. The following table presents the historical liability fair values as of December 31, 2009 and 2008, of our interest rate swap arrangements (amounts in thousands):

	Wynn Resorts	Wynn Las Vegas	Wynn Macau	Total Interest Rate Swaps
Liability Fair Value at:				
December 31, 2009	\$ —	\$4,224	\$16,345	\$20,569
December 31, 2008	\$15,334	\$ —	\$12,539	\$27,873

The fair value approximates the amount we would pay if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future, interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore, is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date as applicable.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Other Interest Rate Swap Information. The following table provides information about our interest rate swaps, by contractual maturity dates, as of December 31, 2009 and using estimated future LIBOR and HIBOR rates based upon implied forward rates in the yield curve. The information is presented in U.S. dollar equivalents, which is our reporting currency:

(in millions)	Years Ending December 31, Expected Maturity Date						Total
	2010	2011	2012	2013	2014	Thereafter	
Average notional amount	\$—	\$281.7	\$550.0	\$—	\$—	\$—	\$831.7
Average pay rate	—	3.52%	2.30%	—	—	—	2.72%
Average receive rate	—	1.04%	1.66%	—	—	—	1.45%

We do not use derivative financial instruments, other financial instruments or derivative commodity instruments for trading or speculative purposes.

Interest Rate Sensitivity. As of December 31, 2009, approximately 83% of our long-term debt was based on fixed rates, including the notional amounts related to interest rate swaps. Based on our borrowings as of December 31, 2009, an assumed 1% change in variable rates would cause our annual interest cost to change by \$6.2 million.

Foreign Currency Risks. The currency delineated in Wynn Macau's concession agreement with the government of Macau is the Macau pataca. The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and in many cases the two are used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in Chinese governmental policies and international economic and political developments.

If the Hong Kong dollar and the Macau pataca are not linked to the U.S. dollar in the future, severe fluctuations in the exchange rate for these currencies may result. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.

Because many of Wynn Macau's payment and expenditure obligations are in Macau patacas, in the event of unfavorable Macau pataca or Hong Kong dollar rate changes, Wynn Macau's obligations, as denominated in U.S. dollars, would increase. In addition, because we expect that most of the revenues for any casino that Wynn Macau operates in Macau will be in Hong Kong dollars, we are subject to foreign exchange risk with respect to the exchange rate between the Hong Kong dollar and the U.S. dollar. Also, if any of our Macau-related entities incur U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on Wynn Macau's results of operations, financial condition, and ability to service its debt. To date, we have not engaged in hedging activities intended to protect against foreign currency risk.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this Annual Report contains statements that are forward-looking, including, but not limited to, statements relating to our business strategy and development activities as well as other capital spending, financing sources, the effects of regulation (including gaming and tax regulations), expectations concerning future operations, profitability and competition. Any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, in some cases you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "estimate," "intend," "plan," "continue" or the negative of these terms or other comparable terminology. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. These risks and uncertainties include, but are not limited to:

- adverse tourism and consumer spending trends reflecting current domestic and international economic conditions;
- volatility and weakness in worldwide credit and financial markets;
- general global macroeconomic conditions;
- further decreases in levels of travel, leisure and consumer spending;
- fluctuations in occupancy rates and average daily room rates;
- conditions precedent to funding under the agreements governing the disbursement of the proceeds of borrowings under our credit facilities;
- continued compliance with all provisions in our credit agreements;
- competition in the casino/hotel and resort industries and actions taken by our competitors in reaction to adverse economic conditions;
- completion of Encore at Wynn Macau on time and within budget;
- our intention to fund a substantial portion of the development and construction costs of Encore at Wynn Macau with anticipated cash flows generated at Wynn Macau;
- doing business in foreign locations such as Macau (including the risks associated with developing gaming regulatory frameworks);
- restrictions or conditions on visitation by citizens of mainland China to Macau;
- new development and construction activities of competitors;
- our dependence on Stephen A. Wynn and existing management;
- our dependence on a limited number of properties and locations for all of our cash flow;
- leverage and debt service (including sensitivity to fluctuations in interest rates);

FORWARD-LOOKING STATEMENTS

- changes in federal or state tax laws or the administration of such laws;
- changes in state law regarding water rights;
- changes in gaming laws or regulations (including the legalization of gaming in certain jurisdictions);
- approvals under applicable jurisdictional laws and regulations (including gaming laws and regulations);
- the impact that an outbreak of an infectious disease or the impact of a natural disaster may have on the travel and leisure industry;
- the consequences of the wars in Iraq and Afghanistan and other military conflicts in the Middle East and any future security alerts and/or terrorist attacks; and
- pending or future legal proceedings.

Further information on potential factors that could affect our financial condition, results of operations and business are included in this report and our other filings with the SEC. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us. We undertake no obligation to publicly release any revisions to such forward-looking statements to reflect events or circumstances after the date of this report.

WYNN RESORTS, LIMITED

CONSOLIDATED BALANCE SHEETS

	December 31,	
(amounts in thousands, except share data)	2009	2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,991,830	\$ 1,133,904
Receivables, net	152,879	125,196
Inventories	107,005	120,944
Prepaid expenses and other	31,242	31,047
Total current assets	2,282,956	1,411,091
Property and equipment, net	5,062,059	5,118,646
Intangibles, net	44,659	49,049
Deferred financing costs	62,227	65,877
Deposits and other assets	99,380	106,429
Investment in unconsolidated affiliates	4,102	4,696
Deferred income taxes	26,386	—
Total assets	\$ 7,581,769	\$ 6,755,788

(continued)

CONSOLIDATED BALANCE SHEETS

	December 31,	
(amounts in thousands, except share data)	2009	2008
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts and construction payable	\$ 135,501	\$ 232,136
Current portion of long-term debt	2,675	2,685
Current portion of land concession obligation	—	6,068
Income taxes payable	1,176	1,283
Accrued interest	17,520	21,485
Accrued compensation and benefits	69,825	85,803
Gaming taxes payable	100,980	66,954
Other accrued expenses	26,751	24,824
Customer deposits	318,755	200,902
Construction retention	9,546	78,599
Deferred income taxes	42,856	3,018
Total current liabilities	725,585	723,757
Long-term debt	3,566,428	4,290,424
Other long-term liabilities	120,726	124,511
Deferred income taxes	—	8,551
Construction retention	8,667	6,950
Total liabilities	4,421,406	5,154,193
Commitments and contingencies (Note 16)		
Stockholders' Equity:		
Preferred stock, par value \$0.01; 40,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, par value \$0.01; 400,000,000 shares authorized; 136,098,410 and 124,817,994 shares issued; 123,293,456 and 112,013,040 shares outstanding	1,361	1,248
Treasury stock, at cost; 12,804,954 shares	(1,119,407)	(1,119,407)
Additional paid-in capital	4,239,497	2,734,276
Accumulated other comprehensive income	2,446	2,614
Accumulated deficit	(89,559)	(17,136)
Total Wynn Resorts, Limited stockholders' equity	3,034,338	1,601,595
Non-controlling interest	126,025	—
Total equity	3,160,363	1,601,595
Total liabilities and stockholders' equity	\$ 7,581,769	\$ 6,755,788

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
(amounts in thousands, except per share data)	2009	2008	2007
Operating Revenues:			
Casino	\$2,206,829	\$2,261,932	\$1,949,870
Rooms	377,520	326,655	339,391
Food and beverage	436,361	358,715	353,983
Entertainment, retail and other	288,432	270,065	245,201
Gross revenues	3,309,142	3,217,367	2,888,445
Less: promotional allowances	(263,531)	(230,043)	(200,926)
Net revenues	3,045,611	2,987,324	2,687,519
Operating Costs and Expenses:			
Casino	1,462,346	1,490,927	1,168,119
Rooms	109,184	78,238	83,237
Food and beverage	251,192	207,281	212,622
Entertainment, retail and other	166,612	161,862	161,087
General and administrative	366,785	319,303	310,820
Provision for doubtful accounts	13,707	49,405	36,109
Pre-opening costs	1,817	72,375	7,063
Depreciation and amortization	410,547	263,213	220,250
Property charges and other	28,458	32,584	60,857
Total operating costs and expenses	2,810,648	2,675,188	2,260,164
Operating income	234,963	312,136	427,355
Other Income (Expense):			
Interest income	1,740	21,517	47,259
Interest expense, net of capitalized interest	(211,385)	(172,693)	(145,177)
Decrease in swap fair value	(2,258)	(31,485)	(6,001)
Gain (loss) from extinguishment of debt	18,734	22,347	(93,526)
Equity in income from unconsolidated affiliates	121	1,353	1,721
Other	191	(4,257)	506
Other income (expense), net	(192,857)	(163,218)	(195,218)
Income before income taxes	42,106	148,918	232,137
(Provision) benefit for income taxes	(2,999)	61,561	(35,801)
Net income	39,107	210,479	196,336
Less: Net income attributable to non-controlling interests	(18,453)	—	—
Net income attributable to Wynn Resorts, Limited	\$ 20,654	\$ 210,479	\$ 196,336
Basic and diluted income per common share:			
Net income attributable to Wynn Resorts, Limited:			
Basic	\$ 0.17	\$ 1.94	\$ 1.85
Diluted	\$ 0.17	\$ 1.92	\$ 1.80
Weighted average common shares outstanding:			
Basic	119,840	108,408	106,030
Diluted	120,185	109,441	112,685

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

<i>(amounts in thousands, except share data)</i>	Common stock		Treasury stock
	Shares outstanding	Par value	
Balances, January 1, 2007	101,887,031	\$1,018	\$ —
Net income	—	—	—
Currency translation adjustment	—	—	—
Comprehensive income			
Exercise of stock options	270,700	3	—
Issuance of restricted stock	56,500	1	—
Cancellation of restricted stock	(12,000)	—	—
Purchase of treasury stock	(1,889,321)	—	(179,277)
Issuance of common stock, net	4,312,500	43	—
Cash distribution	—	—	—
Stock-based compensation	—	—	—
Conversion of 6% convertible debentures	9,744,680	97	—
Uncertain tax positions	—	—	—
Balances, December 31, 2007	114,370,090	1,162	(179,277)
Net income	—	—	—
Currency translation adjustment	—	—	—
Comprehensive income			
Exercise of stock options	94,583	1	—
Issuance of restricted stock	560,000	6	—
Cancellation of restricted stock	(96,000)	(1)	—
Purchase of treasury stock	(10,915,633)	—	(940,130)
Forfeited cash distribution upon cancellation of restricted stock	—	—	—
Issuance of common stock, net	8,000,000	80	—
Stock-based compensation	—	—	—
Balances, December 31, 2008	112,013,040	1,248	(1,119,407)
Net income	—	—	—
Currency translation adjustment	—	—	—
Comprehensive income			
Exercise of stock options	244,916	3	—
Cancellation of restricted stock	(4,500)	—	—
Forfeited cash distribution upon cancellation of restricted stock	—	—	—
Issuance of common stock, net	11,040,000	110	—
Sale of Wynn Macau, Ltd. common stock, net	—	—	—
Cash distribution	—	—	—
Excess tax benefits from stock-based compensation	—	—	—
Stock-based compensation	—	—	—
Balances, December 31, 2009	123,293,456	\$1,361	\$(1,119,407)

The accompanying notes are an integral part of these consolidated financial statements.

WYNN RESORTS, LIMITED

Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total Wynn Resorts, Ltd. stockholders' equity	Non-controlling interest	Total stockholders' equity
\$2,127,586	\$ (94)	\$(400,744)	\$1,727,766	\$ —	\$1,727,766
—	—	196,336	196,336	—	196,336
—	(2,811)	—	(2,811)	—	(2,811)
9,177	—	—	193,525	—	193,525
(1)	—	—	9,180	—	9,180
—	—	—	—	—	—
—	—	—	(179,277)	—	(179,277)
663,894	—	—	663,937	—	663,937
(663,894)	—	(22,255)	(686,149)	—	(686,149)
19,336	—	—	19,336	—	19,336
210,589	—	—	210,686	—	210,686
—	—	(2,045)	(2,045)	—	(2,045)
2,366,687	(2,905)	(228,708)	1,956,959	—	1,956,959
—	—	210,479	210,479	—	210,479
—	5,519	—	5,519	—	5,519
2,781	—	—	215,998	—	215,998
(6)	—	—	2,782	—	2,782
1	—	—	—	—	—
—	—	—	(940,130)	—	(940,130)
—	—	1,093	1,093	—	1,093
343,905	—	—	343,985	—	343,985
20,908	—	—	20,908	—	20,908
2,734,276	2,614	(17,136)	1,601,595	—	1,601,595
—	—	20,654	20,654	18,453	39,107
—	876	—	876	(106)	770
6,344	—	—	21,530	18,347	39,877
—	—	—	6,347	—	6,347
—	—	55	55	—	55
202,035	—	—	202,145	—	202,145
1,623,228	(1,044)	—	1,622,184	107,358	1,729,542
(400,000)	—	(93,132)	(493,132)	—	(493,132)
49,013	—	—	49,013	—	49,013
24,601	—	—	24,601	320	24,921
\$4,239,497	\$ 2,446	\$ (89,559)	\$3,034,338	\$126,025	\$3,160,363

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)	Year Ended December 31,		
	2009	2008	2007
Cash Flows from Operating Activities:			
Net income	\$ 39,107	\$ 210,479	\$ 196,336
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	410,547	263,213	220,250
Deferred income taxes	(656)	(63,460)	34,868
Stock-based compensation	24,336	20,328	18,527
Excess tax benefits from stock-based compensation	(44,909)	—	—
Amortization and write-offs of deferred financing costs, and other	26,160	21,951	22,120
(Gain) loss on extinguishment of debt	(18,734)	(22,347)	93,526
Provision for doubtful accounts	13,707	49,405	36,109
Property charges and other	28,458	32,584	60,857
Equity in income of unconsolidated affiliates, net of distributions	594	804	481
Decrease in swap fair value	2,258	31,485	6,001
Increase (decrease) in cash from changes in:			
Receivables, net	(41,416)	4,621	(75,029)
Inventories and prepaid expenses and other	3,265	(49,417)	(7,565)
Accounts payable and accrued expenses	151,239	23,537	54,093
Net cash provided by operating activities	593,956	523,183	660,574
Cash Flows from Investing Activities:			
Capital expenditures, net of construction payables and retention	(540,929)	(1,333,182)	(1,008,772)
Restricted cash	—	31,052	206,334
Deposits and purchase of other assets	(11,258)	(43,589)	(43,216)
Proceeds from sale of equipment	1,107	6,720	21,581
Net cash used in investing activities	(551,080)	(1,338,999)	(824,073)

(continued)

WYNN RESORTS, LIMITED

	Year Ended December 31,		
(amounts in thousands)	2009	2008	2007
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	\$ 6,347	\$ 2,782	\$ 9,180
Excess tax benefits from stock-based compensation	44,909	—	—
Proceeds from issuance of common stock	202,145	344,250	664,125
Proceeds from Wynn Macau, Ltd. IPO	1,869,653	—	—
Cash distributions	(489,876)	—	(683,299)
Proceeds from issuance of long-term debt	1,151,781	1,379,968	1,672,987
Principal payments on long-term debt	(1,799,040)	(600,260)	(297,321)
Repurchase of Wynn Las Vegas First Mortgage Notes	(50,048)	—	—
Cash restricted for stock repurchases	—	500,068	(500,068)
Purchase of treasury stock	—	(940,130)	(179,277)
Interest rate swap transactions	(9,561)	(6,300)	—
Payments on long-term land concession obligation	(6,065)	(5,751)	(7,411)
Payment of deferred financing costs and other	(104,730)	(7,055)	(27,045)
Net cash provided by financing activities	815,515	667,572	651,871
Effect of exchange rate on cash	(465)	7,028	(2,659)
Cash and Cash Equivalents:			
Increase (decrease) in cash and cash equivalents	857,926	(141,216)	485,713
Balance, beginning of period	1,133,904	1,275,120	789,407
Balance, end of period	\$ 1,991,830	\$ 1,133,904	\$ 1,275,120
Supplemental Cash Flow Disclosures:			
Cash paid for interest, net of amounts capitalized	\$ 209,093	\$ 232,019	\$ 178,072
Change in property and equipment included in accounts and construction payables	(181,366)	83,683	56,554
Cash paid for income taxes	2,894	695	79,168
Stock-based compensation capitalized into construction in progress	585	580	809
Liability of cash distributions declared on nonvested stock	3,556	—	2,850

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Wynn Resorts, Limited, a Nevada corporation (together with its subsidiaries, "Wynn Resorts" or the "Company"), was formed in June 2002 and completed an initial public offering of its common stock on October 25, 2002.

In June 2002, the Company's indirect subsidiary, Wynn Resorts (Macau), S.A. ("Wynn Macau, S.A."), entered into an agreement with the government of the Macau Special Administrative Region of the People's Republic of China ("Macau"), granting Wynn Macau, S.A. the right to construct and operate one or more casino gaming properties in Macau. Wynn Macau, S.A.'s first casino resort in Macau is hereinafter referred to as "Wynn Macau."

The Company currently owns and operates the following casino hotel resort properties, Wynn Las Vegas, which opened on April 28, 2005, Encore at Wynn Las Vegas, which opened on December 22, 2008 and is fully integrated with Wynn Las Vegas, and Wynn Macau, which opened on September 6, 2006. In addition, the Company is constructing Encore at Wynn Macau which will be fully integrated with Wynn Macau and is expected to open in April 2010.

In October 2009, Wynn Macau, Limited, a newly formed and indirect wholly-owned subsidiary of the Company and the developer, owner and operator of Wynn Macau, had its ordinary shares of common stock listed on The Stock Exchange of Hong Kong Limited. Through an initial public offering, including the over-allotment, Wynn Macau, Limited sold 1,437,500,000 (27.7%) shares of this subsidiary's common stock.

2. Summary of Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Investments in the 50%-owned joint ventures operating the Ferrari and Maserati automobile dealership and the Brioni mens' retail clothing store inside Wynn Las Vegas are accounted for under the equity method. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents are comprised of highly liquid investments with original maturities of three months or less. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents of \$1.4 billion and \$762.1 million at December 31, 2009 and 2008, respectively, were invested in money market accounts and U.S. treasuries. The Company utilized Level 1 inputs as described in Note 8 to determine fair value.

Accounts Receivable and Credit Risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of markers to approved casino customers following investigations of

creditworthiness. At December 31, 2009 and 2008, approximately 76% and 78%, respectively, of the Company's markers were due from customers residing outside the United States, primarily in Asia. Business or economic conditions or other significant events in these countries could affect the collectability of such receivables.

Accounts receivable, including casino and hotel receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is maintained to reduce the Company's receivables to their carrying amount, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as management's experience with collection trends in the casino industry and current economic and business conditions.

Inventories. Inventories consist of retail merchandise, food and beverage items which are stated at the lower of cost or market value and certain operating supplies. Cost is determined by the first-in, first-out, average and specific identification methods.

Property and Equipment. Purchases of property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and improvements	10 to 45 years
Land improvements	10 to 45 years
Leasehold interest in land	25 years
Airplanes	7 to 20 years
Furniture, fixtures and equipment	3 to 20 years

Costs related to improvements are capitalized, while costs of repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in operations.

Capitalized Interest. The interest cost associated with major development and construction projects is capitalized and included in the cost of the project. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. When no debt is specifically identified as being incurred in connection with a construction project, the Company capitalizes interest on amounts expended on the project at the Company's weighted average cost of borrowed money. Interest of \$10.7 million, \$87.4 million and \$46 million was capitalized for the years ended December 31, 2009, 2008 and 2007, respectively.

Intangibles. The Company's indefinite-lived intangible assets consist primarily of water rights acquired as part of the original purchase price of the property on which Wynn Las Vegas is located, and trademarks. Indefinite-lived intangible assets are not amortized, but are reviewed for impairment annually. The Company's finite-lived intangible assets consist of a Macau gaming concession and show production rights. Finite-lived intangible assets are amortized over the shorter of their contractual terms or estimated useful lives.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Lived Assets. Long-lived assets, which are to be held and used, including intangibles and property and equipment, are periodically reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs.

Deferred Financing Costs. Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the terms of the related debt agreements. Approximately \$15.4 million, \$17.8 million and \$13 million were amortized to interest expense during the years ended December 31, 2009, 2008 and 2007, respectively. Debt discounts incurred in connection with the issuance of debt have been capitalized and are being amortized to interest expense using the effective interest method.

Derivative Financial Instruments. The Company seeks to manage its market risk, including interest rate risk associated with variable-rate borrowings, through balancing fixed-rate and variable-rate borrowings with the use of derivative financial instruments. The fair value of derivative financial instruments are recognized as assets or liabilities at each balance sheet date, with changes in fair value affecting net income as the Company's current interest rate swaps do not qualify for hedge accounting. Accordingly, changes in the fair value of the interest rate swaps are presented as an increase (decrease) in swap fair value in the accompanying Consolidated Statements of Income. The differentials paid or received on interest rate swap agreements are recognized as adjustments to interest expense.

Revenue Recognition and Promotional Allowances. The Company recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or the retail goods are sold, prices are fixed or determinable and collection is reasonably assured.

Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Hotel, food and beverage, entertainment and other operating revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer.

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, the Company's casino revenues are reduced by discounts, commissions and points earned in customer loyalty programs, such as the player's club loyalty program.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues. Such amounts are then deducted as promotional allowances. These amounts have increased with the opening of Encore at Wynn Las Vegas in

December 2008. The estimated cost of providing such promotional allowances is primarily included in casino expenses as follows (amounts in thousands):

	Years Ended December 31,		
	2009	2008	2007
Rooms	\$ 49,026	\$ 36,155	\$ 31,518
Food and beverage	85,689	79,828	70,827
Entertainment, retail and other	12,849	10,486	9,827
	\$147,564	\$126,469	\$112,172

Gaming Taxes. The Company is subject to taxes based on gross gaming revenue in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes are an assessment on the Company's gaming revenue and are recorded as an expense within the "Casino" line item in the accompanying Consolidated Statements of Income. These taxes totaled approximately \$892.2 million, \$919.2 million and \$685.3 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Advertising Costs. The Company expenses advertising costs the first time the advertising takes place. Advertising costs incurred in development periods are included in pre-opening costs. Once a project is completed, advertising costs are included in general and administrative expenses. Total advertising costs were \$20.4 million, \$31.2 million, including \$11.1 million in pre-opening related to Encore at Wynn Las Vegas, and \$25.8 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Pre-Opening Costs. Pre-opening costs consist primarily of direct salaries and wages, legal and consulting fees, insurance, utilities and advertising, and are expensed as incurred. The Company incurred pre-opening costs in connection with Encore at Wynn Las Vegas, prior to its opening on December 22, 2008, and continues to incur such costs related to Encore at Wynn Macau.

Income Taxes. The Company is subject to income taxes in the United States and other foreign jurisdictions where it operates. Accounting standards require the recognition of deferred tax assets, net of applicable reserves, and liabilities for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities is recognized in the results of operations in the period that includes the enactment date. Accounting standards also require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied.

The Company's income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities in the locations where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes which the Company adopted on January 1, 2007. The accounting standards prescribe

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. Recognition (Step I) occurs when the Company concludes that a tax position, based on its technical merits, is more likely than not to be sustained upon examination. Measurement (Step II) is only addressed if the position is deemed to be more likely than not to be sustained. Under Step II, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. Use of the term "more likely than not" is consistent with how that term is used in accounting for income taxes (i.e., likelihood of occurrence is greater than 50%).

Tax positions failing to qualify for initial recognition are recognized in the first subsequent interim period that they meet the "more likely than not" standard. If it is subsequently determined that a previously recognized tax position no longer meets the "more likely than not" standard, it is required that the tax position is derecognized. Accounting standards for uncertain tax positions specifically prohibit the use of a valuation allowance as a substitute for derecognition of tax positions. As applicable, the Company will recognize accrued penalties and interest related to unrecognized tax benefits in the provision for income taxes. During the years ended December 31, 2009, 2008 and 2007, the Company recognized no amounts for interest or penalties.

Currency Translation. Gains or losses from foreign currency remeasurements are included in other income/expense in the accompanying Consolidated Statements of Income. The results of operations and the balance sheet of Wynn Macau, S.A. are translated from Macau patacas to U.S. dollars. Balance sheet accounts are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments resulting from this process are charged or credited to other comprehensive income.

Comprehensive Income. Comprehensive income includes net income and all other non-stockholder changes in equity, or other comprehensive income. Components of the Company's comprehensive income are reported in the accompanying Consolidated Statements of Stockholders' Equity. The cumulative balance of other comprehensive income consists solely of currency translation adjustments.

Earnings Per Share. Basic earnings per share ("EPS") is computed by dividing net income attributable to Wynn Resorts by the weighted average number of shares outstanding during the year. Diluted EPS reflects the addition of potentially dilutive securities which for the Company include: stock options, nonvested stock, and the 6% Convertible Subordinated Debentures due 2015 (the "Debentures") which were all converted into common stock in July 2007.

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted EPS for the years ended December 31, 2009, 2008 and 2007, consisted of the following (amounts in thousands):

	2009	2008	2007
Weighted average common shares outstanding (used in calculation of basic earnings per share)	119,840	108,408	106,030
Potential dilution from the assumed exercise of stock options, nonvested stock, and the Debentures	345	1,033	6,655
Weighted average common and common equivalent shares outstanding (used in calculation of diluted earnings per share)	120,185	109,441	112,685

The calculation of diluted EPS for the year ended December 31, 2007 includes an addition to net income to reflect the interest expense, net of related tax effects, of \$6.9 million that would not have been incurred on the Debentures had they been converted as of the beginning of the year up to the conversion date.

A total of 4,899,918 and 880,000 stock options were excluded from the calculation of diluted EPS at December 31, 2009 and 2008, respectively, because including them would have been anti-dilutive.

Share-Based Compensation. Accounting standards require the Company to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognize that cost over the service period. The Company uses the Black-Scholes valuation model to determine the estimated fair value for each option grant issued. The Black-Scholes determined fair value, net of estimated forfeitures is amortized as compensation cost on a straight line basis over the service period.

Further information on the Company's share-based compensation arrangements is included in Note 14, "Benefit Plans—Share-Based Compensation."

Recently Issued Accounting Standards. In June 2009, the Financial Accounting Standards Board (the "FASB") issued new accounting standards regarding the consolidation of variable interest entities. These new accounting standards address the effects of elimination of the qualifying special-purpose entity concept from previous standards. These new accounting standards amend previous guidance in determining whether an enterprise has a controlling financial interest in a variable interest entity. This determination identifies the primary beneficiary of a variable interest entity as the enterprise that has both the power to direct the activities of a variable interest entity that most significantly impacts the entity's economic performance and the ability to absorb losses or the right to receive benefits of the entity that could potentially be significant to the variable interest entity. These new accounting standards are effective January 1, 2010. The Company is currently evaluating the impact, if any, of adopting these new accounting standards on its consolidated financial statements.

Reclassifications. Certain amounts in the consolidated financial statements for 2008 and 2007 have been reclassified to be consistent with the current year presentation. These reclassifications had no effect on the previously reported net income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Receivables, Net

Receivables, net consisted of the following (amounts in thousands):

	As of December 31,	
	2009	2008
Casino	\$ 205,330	\$ 200,115
Hotel	18,177	15,146
Other	31,453	12,754
	254,960	228,015
Less: allowance for doubtful accounts	(102,081)	(102,819)
	\$ 152,879	\$ 125,196

4. Property and Equipment, Net

Property and equipment, net consisted of the following (amounts in thousands):

	As of December 31,	
	2009	2008
Land and improvements	\$ 704,733	\$ 707,531
Buildings and improvements	3,215,400	3,164,082
Airplanes	77,326	77,326
Furniture, fixtures and equipment	1,585,495	1,556,507
Leasehold interest in land	81,521	67,358
Construction in progress	457,594	221,696
	6,122,069	5,794,500
Less: accumulated depreciation	(1,060,010)	(675,854)
	\$ 5,062,059	\$ 5,118,646

Depreciation expense for the years ended December 31, 2009, 2008 and 2007, was \$395.2 million, \$247.6 million and \$204.5 million, respectively. The increase during 2009 is due to the depreciation of assets placed in service for Encore at Wynn Las Vegas in December 2008.

As of December 31, 2009 and 2008, construction in progress primarily includes construction, development, interest and other costs capitalized in conjunction with Encore at Wynn Macau.

5. Intangibles, Net

Intangibles, net consisted of the following (amounts in thousands):

	Macau Gaming Concession	Show Production Rights	Water Rights	Trademarks	Total Intangibles, Net
January 1, 2008	\$34,549	\$17,826	\$6,400	\$1,299	\$60,074
Additions	—	—	—	35	35
Write-offs	—	(6,340)	—	—	(6,340)
Amortization	(2,381)	(2,339)	—	—	(4,720)
December 31, 2008	32,168	9,147	6,400	1,334	49,049
Additions	—	—	—	65	65
Amortization	(2,384)	(2,071)	—	—	(4,455)
December 31, 2009	\$29,784	\$7,076	\$6,400	\$1,399	\$44,659

The Macau gaming concession intangible is being amortized over the 20-year life of the concession. The Company expects that amortization of the Macau gaming concession will be approximately \$2.4 million each year from 2010 through 2021, and approximately \$1 million in 2022.

Show production rights represent amounts paid to purchase the rights to the "Le Rêve" and Monty Python's *Spamalot* production shows. During the year ended December 31, 2008, the Company wrote off the show production rights associated with *Spamalot* as the contract for that show was terminated. The Company expects that amortization of show production rights will be approximately \$2.1 million for each of the years 2010 through 2012, and approximately \$0.8 million in 2013.

Water rights reflect the fair value allocation determined in the purchase of the property on which Wynn Las Vegas is located in April 2000. The value of the trademarks primarily represents the costs to acquire the "Le Rêve" name. The water rights and trademarks are indefinite-lived assets and, accordingly, not amortized.

6. Deposits and Other Assets

Deposits and other assets consisted of the following (amounts in thousands):

	As of December 31,	
	2009	2008
Entertainment production costs	\$11,826	\$ 21,878
Base stock	25,549	32,511
Deposits and other	58,255	48,290
Golf memberships	3,750	3,750
	<u>\$99,380</u>	<u>\$106,429</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Long-Term Debt

Long-term debt consisted of the following (amounts in thousands):

	As of December 31,	
	2009	2008
6 ⁵ / ₈ % Wynn Las Vegas First Mortgage Notes, due December 1, 2014, net of original issue discount of \$6,852 and \$9,561, respectively	\$1,627,378	\$1,690,439
7 ⁷ / ₈ % Wynn Las Vegas First Mortgage Notes, due November 1, 2017, net of original issue discount of \$10,529 at December 31, 2009	489,471	—
Wynn Resorts Term Loan Facility, due June 21, 2010; interest at LIBOR plus 2.25% (approximately 2.8% at December 31, 2008)	—	375,000
Wynn Las Vegas Revolving Credit Facility; due July 15, 2013; interest at LIBOR plus 3% and 1.625% respectively, (approximately 3.2% and 2.2%, respectively)	252,717	879,484
Wynn Las Vegas Term Loan Facility; \$40.2 million due September 30, 2012 with remaining \$40.2 million due August 15, 2013; interest at LIBOR plus 1.875% (approximately 2.1% and 3.1% respectively)	80,446	225,000
Wynn Macau Senior Term Loan Facilities (as amended June 2007); due June 27, 2014; interest at LIBOR or HIBOR plus 1.75% (approximately 1.9% and 5.3% respectively)	552,292	552,561
Wynn Macau Senior Revolving Credit Facility, due June 2012; interest at LIBOR or HIBOR plus 1.75% (approximately 1.9% and 5.1% respectively)	502,108	502,356
\$42 million Note Payable; due April 1, 2017; interest at LIBOR plus 1.25% (approximately 1.8% and 3.0% respectively)	38,150	39,550
\$32.5 million Note Payable; due August 10, 2012; interest at LIBOR plus 1.15% (approximately 1.4% and 2.4% respectively)	26,541	28,709
Other	—	10
	3,569,103	4,293,109
Current portion of long-term debt	(2,675)	(2,685)
	\$3,566,428	\$4,290,424

6⁵/₈% Wynn Las Vegas First Mortgage Notes

On December 14, 2004, Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. (together, the "Issuers") issued \$1.3 billion aggregate principal amount of 6⁵/₈% first mortgage notes due December 1, 2014. On November 6, 2007, the Issuers issued, in a private offering, \$400 million aggregate principal amount of 6⁵/₈% first mortgage notes due December 1, 2014 at a price of 97.25% of the principal amount. These notes were issued under the same indenture as the original \$1.3 billion first mortgage notes. Both offerings are referred to herein as the "6⁵/₈% First Mortgage Notes." The Company pays interest on the 6⁵/₈% First Mortgage Notes on June 1st and December 1st of each year. Commencing December 1, 2009, the 6⁵/₈% First Mortgage Notes are redeemable at the Company's option at a price equal to 103.313% of the principal amount redeemed and decline ratably on December 1st of each year thereafter to zero on or after December 1, 2012.

The indenture governing the 6½% First Mortgage Notes contains covenants limiting the ability of the Issuers to incur additional debt, make distributions, investments and restricted payments, create liens, enter into transactions with affiliates, sell assets, enter into sale leaseback transactions, permit restrictions on dividends and other payments by subsidiaries, or engage in mergers, consolidations, sales of substantially all assets, sales of subsidiary stock and other specified types of transactions.

The 6½% First Mortgage Notes are obligations of the Issuers, guaranteed by each of the subsidiaries of Wynn Las Vegas, LLC, other than Wynn Completion Guarantor, LLC. Wynn Resorts, Limited does not guarantee the obligations of the Issuers. Subject to an intercreditor agreement and certain exceptions, the 6½% First Mortgage Notes and the guarantees thereof are secured by: (1) a first priority pledge of all of the members' interests owned by Wynn Las Vegas, LLC in its subsidiaries (other than Wynn Completion Guarantor, LLC) and of Wynn Resorts Holdings, LLC's 100% member's interest in Wynn Las Vegas, LLC; (2) first mortgages on all real property constituting Wynn Las Vegas, its golf course and Encore at Wynn Las Vegas; and (3) a first priority security interest in substantially all other existing and future assets of Wynn Las Vegas, LLC and the guarantors, excluding, among other things, an aircraft beneficially owned by World Travel, LLC.

The obligations of the Issuers and the guarantors under the 6½% First Mortgage Notes rank equal to the right of payment with their existing and future senior secured indebtedness, including indebtedness with respect to the Wynn Las Vegas, LLC credit facilities described below, and rank senior in right of payment to all of their existing and future subordinated indebtedness.

During the year ended December 31, 2009, Wynn Resorts purchased \$65.8 million face amount of the 6½% First Mortgage Notes through open market purchases at a discount. These transactions resulted in gains on early extinguishment of debt, net of the write-off of unamortized debt discount and debt issue costs, of \$13.7 million for the year ended December 31, 2009. As of December 31, 2009, Wynn Resorts holds this debt and has not contributed it to its wholly-owned subsidiary, Wynn Las Vegas. For accounting purposes this transaction has been treated as an extinguishment of debt by Wynn Resorts.

7½% Wynn Las Vegas First Mortgage Notes

In October 2009, the Issuers issued, in a private offering, \$500 million aggregate principal amount of 7½% First Mortgage Notes due November 1, 2017 at a price of 97.823% of the principal amount. Net proceeds to the Company were approximately \$480 million, after deducting the original issue discount and underwriting fees and other expenses. The Company pays interest on the 7½% First Mortgage Notes on May 1st and November 1st of each year. Commencing November 1, 2013, the 7½% First Mortgage Notes are redeemable at the Company's option at a price equal to 103.938% of the principal amount redeemed and decline ratably on November 1st of each year thereafter to zero on or after November 1, 2015. The notes rank pari passu with the borrowings under the Wynn Las Vegas credit facilities and the 6½% First Mortgage Notes. The notes are senior secured obligations of the Issuers, are guaranteed by Wynn Las Vegas, LLC's subsidiaries (subject to some exceptions), and are secured on an equal and ratable basis by a first priority lien on substantially all the existing and future assets of the Issuers and guarantors:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The 7 $\frac{7}{8}$ % First Mortgage Notes have not been registered under the Securities Act of 1933 or under any state securities laws. Therefore, the holders may not offer or sell the notes within the United States to, or for the account or benefit of, any United States person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. The Issuers have agreed to make an offer to exchange the notes for registered, publically traded notes that have substantially identical terms as the notes.

Wynn Resorts Term Loan

On June 21, 2007, the Company entered into a \$1 billion term loan (the "Wynn Resorts Term Loan"). Borrowings under the Wynn Resorts Term Loan were available in the form of a delayed-draw term loan facility available through December 31, 2007. As of December 31, 2007, the Company had borrowed \$1 billion under the Wynn Resorts Term Loan. The Wynn Resorts Term Loan was available to fund (a) the Company's equity repurchase program announced on June 7, 2007 and (b) up to \$350 million for general corporate purposes.

On August 1, 2008, the Company amended the Wynn Resorts Term Loan to allow Stephen A. Wynn, the Company's Chairman and Chief Executive Officer, to purchase an interest in the debt. On August 1, 2008, Mr. Wynn advised the Company that he purchased \$198,250,000 of the face amount of the outstanding debt under the Wynn Resorts Term Loan from a third party. On November 13, 2008, the Company further amended the Wynn Resorts Term Loan to purchase loans outstanding up to \$650 million prior to March 31, 2009. On November 26, 2008, the Company purchased \$625 million of loans under the Wynn Resorts Term Loan for \$596.1 million, reflecting a discounted price of 95.375%. The loans purchased included the interests held by Mr. Wynn. In connection with this transaction, the Company recognized a \$22.3 million gain on early retirement of debt, net of the write-off of unamortized debt issue costs and fees during 2008.

In June 2009, the Company purchased and retired the remaining outstanding loans of \$375 million under the Wynn Resorts Term Loan for \$364.7 million, reflecting a discounted price of 97.25%. In connection with this transaction, the Company recognized an \$8.8 million gain on early retirement of debt, net of the write-off of unamortized debt issue cost during 2009.

Wynn Las Vegas Credit Facilities

As of December 31, 2009, the Wynn Las Vegas Amended and Restated Credit Agreement (the "Credit Agreement"), consisted of a \$457.9 million revolving credit facility (the "Wynn Las Vegas Revolver") and an \$80.4 million term loan facility (the "Wynn Las Vegas Term Loan") (together the "Wynn Las Vegas Credit Facilities"). As of December 31, 2009, the Company had borrowed \$252.7 million under the Wynn Las Vegas Revolver. The Company also had \$20.2 million of outstanding letters of credit that reduce the availability under the Wynn Las Vegas Revolver. Consequently, there was availability of \$185 million under the Wynn Las Vegas Revolver as of December 31, 2009. As described below, during the year ended December 31, 2009, the Company (a) extended the maturity of the Wynn Las Vegas Revolver to July 2013, (b) received relief from certain financial covenants, (c) increased the Wynn Las Vegas Revolver by \$65 million, (d) repurchased \$87.6 million of Wynn Las Vegas Revolver loans at a discount, and (e) used the net proceeds received from the \$500 million 7 $\frac{7}{8}$ % First Mortgage Notes issuance to repay amounts outstanding, including a permanent reduction of \$360 million.

In April 2009, the Company entered into a fourth amendment to the Credit Agreement. This amendment, among other things, (i) provides a waiver of the Consolidated Leverage Ratio, as defined in the Credit Agreement, until the quarter ending June 30, 2011, and increases such thresholds thereafter; (ii) provides additional flexibility with the Consolidated Interest Coverage Ratio, as defined in the Credit Agreement, by reducing such ratio from 1.75:1 to 1.25:1 beginning June 30, 2009 through March 31, 2011; and (iii) removes the dollar limit on the equity cure provisions for the purpose of the Consolidated Leverage Ratio and the Consolidated Interest Coverage Ratio over the life of the loan. In exchange for the amendments, the Company (i) repaid 30% of the outstanding revolver loans of lenders consenting to the extension of their commitment (approximately \$238 million) and permanently reduced such lender commitments by 25%; and (ii) agreed to an increase in the interest rate spread on the Wynn Las Vegas Revolver from LIBOR plus 1.625% to LIBOR plus 3.0%.

In August 2009, pursuant to the terms of the Credit Agreement, the Company expanded the availability of the Wynn Las Vegas Revolver by \$65 million.

In September 2009, the Company entered into a fifth amendment to the Credit Agreement. This amendment, among other things, (i) permits Wynn Las Vegas to issue, on or before March 31, 2010, up to \$500 million of new senior secured notes and (ii) requires that 75% of the net cash proceeds of any issuance of new senior secured notes be applied to prepay loans and reduce commitments under the Credit Agreement.

In October 2009, pursuant to an offer to purchase loans outstanding under the Credit Agreement, the Company purchased loans with a face value of \$87.6 million for \$84.4 million, reflecting a discounted price of 96.37%. As a result of this transaction, the Wynn Las Vegas Revolver was permanently reduced by \$43.8 million and the Wynn Las Vegas Term Loan was permanently reduced by \$44.8 million.

In October 2009, in accordance with the fifth amendment to the Wynn Las Vegas Credit Agreement described above, the Company used the proceeds of the \$500 million 7³/₈% First Mortgage Notes to repay amounts outstanding under the Wynn Las Vegas Revolver and Wynn Las Vegas Term Loan.

The Wynn Las Vegas Term Loan is payable in two installments of \$40.2 million each on September 30, 2012 and August 15, 2013. The Wynn Las Vegas Revolver matures on July 15, 2013.

For purposes of calculating interest, loans under the Wynn Las Vegas Credit Facilities will be designated, at the election of Wynn Las Vegas, LLC, as Eurodollar Loans or, in certain circumstances, Base Rate Loans. As of December 31, 2009, Eurodollar Loans under the Wynn Las Vegas Revolver and Wynn Las Vegas Term Loan bear interest initially at the Eurodollar rate plus 3.0% and the Eurodollar rate plus 1.875%, respectively. Interest on Eurodollar Loans is payable at the end of the applicable interest period in the case of interest periods of one, two or three months, and every three months in the case of interest periods of six months. Base Rate Loans bear interest at (a) the greatest of (i) the rate most recently announced by Deutsche Bank as its "prime rate," (ii) the Federal Funds Rate plus 1/2 of 1% per annum, and (iii) in the case of a Wynn Las Vegas Revolver loan the one month Eurodollar rate; plus (b) a borrowing margin of 2.0% for Wynn Las Vegas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revolver loans and 0.875% for Wynn Las Vegas Term Loans. Interest on Base Rate Loans will be payable quarterly in arrears. Wynn Las Vegas, LLC also pays, quarterly in arrears, 1.0% per annum on the daily average of unborrowed amounts under the Wynn Las Vegas Revolver.

The Wynn Las Vegas Credit Facilities are obligations of Wynn Las Vegas, LLC, guaranteed by each of the subsidiaries of Wynn Las Vegas, LLC, other than Wynn Completion Guarantor, LLC. Subject to an intercreditor agreement, and certain exceptions, the obligations of Wynn Las Vegas, LLC and each of the guarantors under the Wynn Las Vegas Credit Facilities are secured by: (1) a first priority pledge of all members' interests owned by Wynn Las Vegas, LLC in its subsidiaries (other than Wynn Completion Guarantor, LLC) and Wynn Resorts Holdings, LLC's 100% member's interest in Wynn Las Vegas, LLC; (2) first mortgages on all real property constituting Wynn Las Vegas, its golf course and Encore at Wynn Las Vegas; and (3) a first priority security interest in substantially all other existing and future assets of Wynn Las Vegas, LLC and the guarantors, excluding an aircraft beneficially owned by World Travel, LLC.

The obligations of Wynn Las Vegas, LLC and the guarantors under the Wynn Las Vegas Credit Facilities rank equal in right of payment with their existing and future senior indebtedness, including indebtedness with respect to the 6 $\frac{5}{8}$ % and 7 $\frac{1}{8}$ % First Mortgage Notes and ranks senior in right of payment to all of their existing and future subordinated indebtedness.

In addition to scheduled amortization payments, Wynn Las Vegas, LLC is required to make mandatory prepayments of indebtedness under the Wynn Las Vegas Credit Facilities from the net proceeds of all debt offerings (other than those constituting certain permitted debt). Wynn Las Vegas, LLC is also required to make mandatory repayments of indebtedness under the Wynn Las Vegas credit facilities from specified percentages of excess cash flow, which percentages may decrease and/or be eliminated based on Wynn Las Vegas, LLC's leverage ratio. Wynn Las Vegas, LLC has the option to prepay all or any portion of the indebtedness under the Wynn Las Vegas Credit Facilities at any time without premium or penalty.

The Credit Agreement contains customary negative covenants and financial covenants, including negative covenants that restrict Wynn Las Vegas, LLC's ability to incur additional indebtedness, including guarantees; create, incur, assume or permit to exist liens on property and assets; declare or pay dividends and make distributions or restrict the ability of Wynn Las Vegas, LLC's subsidiaries to pay dividends and make distributions; engage in mergers, investments and acquisitions; enter into transactions with affiliates; enter into sale-leaseback transactions; execute modifications to material contracts; engage in sales of assets; make capital expenditures; and make optional prepayments of certain indebtedness. The financial covenants include maintaining a Consolidated Interest Coverage Ratio, as defined, not less than 1.25 to 1 as of December 31, 2009. Management believes that the Company was in compliance with all covenants at December 31, 2009. The Company will be required to maintain a Consolidated Leverage Ratio, as defined, of 6.50 to 1 for the quarterly reporting date ending June 30, 2011, 6.25 to 1 for the quarterly reporting date ending September 30, 2011 and 6.00 to 1 for each quarterly reporting date thereafter to maturity. The Consolidated Interest Coverage Ratio remains at 1.25 to 1 for the quarterly reporting dates through March 31, 2011, and then increases to 1.75 to 1 for the quarterly reporting dates June 30, 2011 to maturity.

Wynn Macau Credit Facilities

As of December 31, 2009 and 2008, the Company's Wynn Macau credit facilities, as amended, consisted of a \$550 million equivalent fully-funded senior term loan facility (the "Wynn Macau Term Loan"), and a \$1 billion senior revolving credit facility (the "Wynn Macau Revolver") in a combination of Hong Kong and U.S. dollars (together the "Wynn Macau Credit Facilities"). Wynn Macau, S.A. also has the ability to increase the total facilities by an additional \$50 million pursuant to the terms and provisions of the Amended Common Terms Agreement. As of December 31, 2009, the Wynn Macau Term Loan was fully drawn and approximately \$502 million was outstanding under the Wynn Macau Revolver. Consequently, there was availability of approximately \$498 million under the Wynn Macau Revolver as of December 31, 2009.

The Wynn Macau Term Loan matures in June 2014, and the Wynn Macau Revolver matures in June 2012. The principal amount of the Wynn Macau Term Loan is required to be repaid in quarterly installments, commencing in September 2011. Borrowings under the Wynn Macau Credit Facilities currently bear interest at LIBOR or the Hong Kong Interbank Offer Rate ("HIBOR") plus a margin of 1.75%.

Collateral for the Wynn Macau Credit Facilities consists of substantially all of the assets of Wynn Macau, S.A. Certain affiliates of the Company that own interests in Wynn Macau, S.A., either directly or indirectly through other subsidiaries, have executed guarantees of the loans and pledged their interests in Wynn Macau, S.A. as additional security for repayment of the loans. In addition, the Wynn Macau Credit Facilities' governing documents contain capital spending limits and other affirmative and negative covenants.

The Wynn Macau Credit Facilities contain a requirement that the Company must make mandatory repayments of indebtedness from specified percentages of excess cash flow. If the Wynn Macau subsidiary meets a Consolidated Leverage Ratio, as defined, of greater than 4.0 to 1, such repayment is defined as 50% of Excess Cash Flow, as defined. If the Consolidated Leverage Ratio is less than 4.0 to 1, then no repayment is required. Based on current estimates the Company does not believe that the Wynn Macau Consolidated Leverage Ratio during the fiscal year ending December 31, 2010 will exceed 4.0 to 1. Accordingly, the Company does not expect to make any mandatory repayments pursuant to this requirement during 2010.

The Wynn Macau Credit Facilities contain customary covenants restricting certain activities including, but not limited to: the incurrence of additional indebtedness, the incurrence or creation of liens on any of its property, sales and leaseback transactions, the ability to dispose of assets, and make loans or other investments. In addition, Wynn Macau was required by the financial covenants to maintain a Leverage Ratio, as defined, of not greater than 5.00 to 1 as of December 31, 2009, and an Interest Coverage Ratio, as defined, of not less than 2.00 to 1. The Company believes that it was in compliance with all covenants at December 31, 2009. The Leverage Ratio decreases to not greater than 4.75 to 1 for the quarterly reporting period ending June 30, 2010, 4.50 to 1 for the quarterly reporting period ending September 30, 2010 and 4.00 to 1 for the quarterly reporting period ending December 31, 2010. The Interest Coverage Ratio requirement remains at not less than 2.00 to 1 for each reporting period during 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In connection with the initial financing of the Wynn Macau project, Wynn Macau, S.A. entered into a Bank Guarantee Reimbursement Agreement with Banco Nacional Ultramarino, S.A. ("BNU") for the benefit of the Macau government. This guarantee assures Wynn Macau, S.A.'s performance under the casino concession agreement, including the payment of premiums, fines and indemnity for any material failure to perform under the terms of the concession agreement. As of December 31, 2009, the guarantee was in the amount of \$300 million Macau patacas (approximately US\$37 million) and will remain at such amount until 180 days after the end of the term of the concession agreement. BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. From and after repayment of all indebtedness under the Wynn Macau Credit Facilities, Wynn Macau, S.A. is obligated to promptly, upon demand by BNU, repay any claim made on the guarantee by the Macau government. BNU is paid an annual fee for the guarantee not to exceed approximately \$5.2 million Macau patacas (approximately US\$0.7 million).

\$42 Million Note Payable for Aircraft

On March 30, 2007, World Travel, LLC, a subsidiary of Wynn Las Vegas, entered into a loan agreement with a principal balance of \$42 million. The loan is guaranteed by Wynn Las Vegas, LLC and secured by a first priority security interest in one of the Company's aircraft. Principal payments of \$350,000 plus interest are made quarterly with a balloon payment of \$28 million due at maturity, April 1, 2017. Interest is calculated at 90-day LIBOR plus 125 basis points.

\$32.5 Million Note Payable for Aircraft

On May 10, 2007, World Travel G-IV, LLC, a subsidiary of Wynn Resorts, entered into a \$32.5 million term loan credit facility to finance the purchase of an aircraft. Principal payments of \$542,000 plus interest are made quarterly with a balloon payment of \$21.1 million due at maturity, August 10, 2012. Interest is calculated at LIBOR plus 115 basis points.

Fair Value of Long-Term Debt

The net book value of the 6½% and 7½% First Mortgage Notes at December 31, 2009 and 2008, was approximately \$2.1 billion and \$1.7 billion, respectively. The estimated fair value of the 6½% and 7½% First Mortgage Notes was approximately \$2.1 billion and \$1.25 billion as of December 31, 2009 and 2008, respectively. The net book value of the Company's other debt was approximately \$1.5 billion and \$2.6 billion as of December 31, 2009 and 2008, respectively. The estimated fair value of the Company's other debt instruments was approximately \$1.3 billion and \$1.6 billion at December 31, 2009 and 2008.

Scheduled Maturities of Long-Term Debt

Scheduled maturities of long-term debt including the accretion of debt discounts of approximately \$17.4 million are as follows (amounts in thousands):

Years Ending December 31,

2010	\$ 12,675
2011	77,900
2012	712,647
2013	438,006
2014	1,823,756
Thereafter	531,500
	<hr/> \$3,586,484 <hr/>

8. Interest Rate Swaps

The Company has entered into floating-for-fixed interest rate swap arrangements in order to manage interest rate risk relating to certain of its debt facilities. These interest rate swap agreements modify the Company's exposure to interest rate risk by converting a portion of the Company's floating-rate debt to a fixed rate. These interest rate swaps essentially fix the interest rate at the percentages noted below; however, changes in the fair value of the interest rate swaps for each reporting period have been recorded in the increase/decrease in swap fair value in the accompanying Consolidated Statements of Income, as the interest rate swaps do not qualify for hedge accounting.

The Company measures the fair value of its interest rate swaps on a recurring basis pursuant to accounting standards for fair value measurements. These standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company categorizes these swap contracts as Level 2.

The following table presents the historical fair value of the interest rate swaps recorded in the accompanying Consolidated Balance Sheets as of December 31, 2009 and 2008. The fair value approximates the amount the Company would pay if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current and predictions of future interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore, is subject to significant estimation and a high degree of variability and fluctuation between periods. The fair value is adjusted, to reflect the impact of credit ratings of the counter

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

parties or the Company, as applicable. These adjustments resulted in a reduction in the fair values as compared to their settlement values. As of December 31, 2009, these interest rate swaps are included in other long-term liabilities.

(amounts in thousands)	Wynn Resorts	Wynn Las Vegas	Wynn Macau	Total Interest Rate Swaps
Liability Fair Value:				
December 31, 2009	\$ —	\$4,224	\$16,345	\$20,569
December 31, 2008	\$15,334	\$ —	\$12,539	\$27,873

Wynn Resorts Swap. On February 1, 2008, the Company entered into an interest rate swap to hedge the underlying interest rate risk on all of the borrowings under the Wynn Resorts Term Loan. Pursuant to the terms of this interest rate swap, the Company paid a fixed rate of 2.836% on the \$1 billion notional amount and received payments based on LIBOR. This swap fixed the interest rate at approximately 5.09%. On December 8, 2008, the Company modified the terms of this swap so that the notional amount was \$375 million matching the debt then outstanding. Pursuant to the terms of the amendment, the Company paid a fixed rate of 3.95% which fixed the interest rate at approximately 6.2%. In October 2009, the Company terminated this interest rate swap for a payment of \$9.9 million.

Wynn Las Vegas Swap. The Company currently has one interest rate swap agreement to hedge a portion of the underlying interest rate risk on borrowings under the Wynn Las Vegas Credit Facilities. Under this swap agreement, beginning November 27, 2009, the Company pays a fixed interest rate of 2.485% on borrowings of \$250 million incurred under the Wynn Las Vegas Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the interest rate on \$250 million of borrowings at approximately 5.485%. This interest rate swap agreement matures in November 2012.

In December 2008, the Company's \$200 million notional amount interest rate swap to essentially fix the interest rate on \$200 million of the \$225 million of Wynn Las Vegas Term Loan borrowings matured. Pursuant to the terms of this interest rate swap, the Company paid a fixed rate of 3.793% on the \$200 million notional amount and received payments based on LIBOR. This swap fixed the interest rate at approximately 5.7% on \$200 million of the then outstanding \$225 million term loan.

Wynn Macau Swaps. The Company has two interest rate swap agreements to hedge a portion of the underlying interest rate risk on borrowings under the Wynn Macau Term Loan. Under the first swap agreement, the Company pays a fixed interest rate of 3.632% on U.S. dollar borrowings of approximately \$153.8 million incurred under the Wynn Macau Term Loan in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR at the time of payment. Under the second swap agreement, the Company pays a fixed interest rate of 3.39% on Hong Kong dollar borrowings of approximately HK\$991.6 million (approximately US\$127.9 million) incurred under the Wynn Macau Term Loan in exchange for receipt on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. These interest rate swaps fix the interest rates on the U.S. dollar and the Hong Kong dollar borrowings under the Wynn Macau Term Loan at approximately 5.382% and 5.14%, respectively. These interest rate swap agreements mature in August 2011.

The Company entered into a third interest rate swap agreement effective November 27, 2009, to hedge a portion of the underlying interest rate risk on borrowings under the Wynn Macau Revolver. Under this swap agreement, the Company pays a fixed interest rate of 2.15% on borrowings of approximately HK\$2.3 billion (approximately US\$300 million) incurred under the Wynn Macau Revolver in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. This interest rate swap fixes the interest rate on such borrowings at approximately 3.9%. This interest rate swap agreement matures in June 2012.

9. Related Party Transactions

Amounts Due to Officers. The Company periodically provides services to Stephen A. Wynn, Chairman of the Board of Directors and Chief Executive Officer ("Mr. Wynn"), and certain other officers and directors of the Company, including the personal use of employees, construction work and other personal services. Mr. Wynn and other officers and directors have deposits with the Company to prepay any such items, which are replenished on an ongoing basis as needed. At December 31, 2009 and 2008, Mr. Wynn and the other officers and directors had a net deposit balance with the Company of \$789,095 and \$434,003 respectively.

Villa Suite Lease. Effective July 1, 2005, Mr. Wynn and Elaine P. Wynn, who is also a director of Wynn Resorts, lease from year to year a villa suite in the Wynn Las Vegas resort. In March 2009, this lease was amended to add an additional unit to the leased premises. Rent is determined by the Audit Committee of the Board of Directors of Wynn Resorts (the "Audit Committee"), and is based on the fair market value of the use of the suite accommodations. Based on third-party appraisals, the Audit Committee determined the rent for each year in the three-year period commencing July 1, 2005 and ended June 30, 2008 to be \$580,000. Certain services for, and maintenance of, the suites are included in the rental. For the two-year period commencing July 1, 2008 and ending June 30, 2010, based on a third-party appraisal and a reduction in housekeeping services to be provided, the Audit Committee determined the rent for each year will be \$520,000. There was no change in the rent when the additional unit was added to the lease in March 2009 due to significant deterioration in the Las Vegas rental market.

The "Wynn" Surname Rights Agreement. On August 6, 2004, the Company entered into agreements with Mr. Wynn that confirm and clarify the Company's rights to use the "Wynn" name and Mr. Wynn's persona in connection with its casino resorts. Under the parties' Surname Rights Agreement, Mr. Wynn granted the Company an exclusive, fully paid-up, perpetual, worldwide license to use, and to own and register trademarks and service marks incorporating the "Wynn" name for casino resorts and related businesses, together with the right to sublicense the name and marks to its affiliates. Under the parties' Rights of Publicity License, Mr. Wynn granted the Company the exclusive, royalty-free, worldwide right to use his full name, persona and related rights of publicity for casino resorts and related businesses, together with the ability to sublicense the persona and publicity rights to its affiliates, until October 24, 2017.

Wynn Macau—Intellectual Property License Agreement and Corporate Support Services. Wynn Resorts has licensed to Wynn Macau certain trademarks and service marks, other marks and works, and hotel/casino design, development and management know-how through an Intellectual Property

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

License Agreement. Wynn Macau pays to Wynn Resorts a royalty fee pursuant to this agreement as a fixed percent of gross revenue. Wynn Macau was charged royalty fees of \$71.5 million, \$73.4 million and \$36.5 million during the years ended December 31, 2009, 2008 and 2007, respectively. In the accompanying Consolidated Statements of Income these royalty fees have been eliminated in consolidation.

Wynn Resorts also provides corporate support and other services in large part related to assisting Wynn Macau with U.S. regulatory requirements. The costs of these services are billed to Wynn Macau based on the estimated time spent by the departments involved. Wynn Macau was charged \$12.8 million, \$9.2 million and \$12.7 million during the years ended December 31, 2009, 2008 and 2007, respectively. In the accompanying Consolidated Statements of Income these corporate support service costs and other have been eliminated in consolidation.

10. Property Charges and Other

Property charges and other consisted of the following (amounts in thousands):

	Years Ended December 31,		
	2009	2008	2007
Loss on assets abandoned/retired for remodels	\$21,696	\$32,584	\$70,242
Loss/(gain) on termination agreement/sale of aircraft	6,762	—	(9,385)
Total property charges and other	\$28,458	\$32,584	\$60,857

Property charges and other generally include costs related to the retirement of assets for remodels and asset abandonments. Property charges and other for the year ended December 31, 2009 included the following: (a) a \$16.7 million charge for the abandonment of the front porte-cochere at Encore at Wynn Las Vegas to make way for an addition at that property, (b) a \$6.8 million charge for the write-off of two aircraft deposits, and (c) \$5 million related to miscellaneous remodels, abandonments and loss on sale of equipment.

Property charges and other for the year ended December 31, 2008 were \$32.6 million and include \$17.8 million of costs associated with Spamalot at Wynn Las Vegas which closed in mid-July 2008. The charge includes production rights that were included in intangible assets, show production costs that were included in other assets and certain other property and equipment. The Company also incurred a charge of \$3.6 million related to the abandonment of certain existing floor space at Wynn Macau to begin construction on a new restaurant. The remaining property charges were related to miscellaneous renovations and abandonments at both Wynn Las Vegas and Wynn Macau.

Property charges and other for the year ended December 31, 2007 included the following charges at Wynn Macau: (a) a \$10 million charge for the abandonment of a parking garage to make way for Encore at Wynn Macau, (b) a \$10.2 million charge related to abandonment costs for portions of the main kitchen, warehouse and restaurants to enable the main casino to be connected with the expansion that opened in December 2007, (c) a \$22.1 million charge related to significant casino and retail reconfigurations in the expansion that opened in December 2007, and (d) a \$15.5 million charge related to the abandonment of a theater. The remaining property charges were related to

renovations to portions of the Le Rêve Theater, the abandonment of a marquee sign and the conversion of two retail outlets and a nightclub at Wynn Las Vegas, as well as the remodeling of certain areas at Wynn Macau. Offsetting these charges for the year ended December 31, 2007 was a gain of \$9.4 million on the sale of a company aircraft.

11. Stockholders' Equity

Common Stock. The Company is authorized to issue up to 400,000,000 shares of its common stock, \$0.01 par value per share (the "Common Stock"). As of December 31, 2009 and 2008, 123,293,456 shares and 112,013,040 shares, respectively, of the Company's Common Stock were outstanding. Except as otherwise provided by the Company's articles of incorporation or Nevada law, each holder of the Common Stock is entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. Holders of the Common Stock have no cumulative voting, conversion, redemption or preemptive rights or other rights to subscribe for additional shares. Subject to any preferences that may be granted to the holders of the Company's preferred stock, each holder of Common Stock is entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor, as well as any distributions to the stockholders and, in the event of liquidation, dissolution or winding up of the Company, is entitled to share ratably in all assets of the Company remaining after payment of liabilities.

On June 6, 2007, the Board of Directors of Wynn Resorts authorized an equity repurchase program of up to \$1.2 billion that allowed purchases of both its Common Stock and its Debentures. On July 10, 2008, the Board of Directors of the Company authorized an increase of \$500 million to its previously announced equity repurchase program bringing the total authorized to \$1.7 billion. The repurchase program may include repurchases from time to time through open market purchases or negotiated transactions, depending upon market conditions. No repurchases were made during the year ended December 31, 2009. During the year ended December 31, 2008, the Company repurchased 10,915,633 shares for a net cost of \$940.1 million. As of December 31, 2009, the Company had repurchased a cumulative total of 12,804,954 shares of the Company's Common Stock for a net cost of \$1.1 billion under the program.

On March 20, 2009, the Company completed a secondary common stock offering of 11,040,000 shares with net proceeds of \$202.1 million.

On November 18, 2008, the Company completed a secondary common stock offering of 8 million shares with net proceeds of \$344.3 million.

On October 3, 2007, the Company completed a secondary common stock offering of 4,312,500 shares with net proceeds of \$664.1 million.

Preferred Stock. The Company is authorized to issue up to 40,000,000 shares of undesignated preferred stock, \$0.01 par value per share (the "Preferred Stock"). As of December 31, 2009, the Company had not issued any Preferred Stock. The Board of Directors, without further action by the holders of Common Stock, may designate and issue shares of Preferred Stock in one or more series and may fix or alter the rights, preferences, privileges and restrictions, including the voting rights, redemption provisions (including sinking fund provisions), dividend rights, dividend rates, liquidation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

rates, liquidation preferences, conversion rights and the description and number of shares constituting any wholly unissued series of Preferred Stock. The issuance of such shares of Preferred Stock could adversely affect the rights of the holders of Common Stock. The issuance of shares of Preferred Stock under certain circumstances could also have the effect of delaying or preventing a change of control of the Company or other corporate action.

12. Cash Distributions

On November 6, 2009, the Company's Board of Directors declared a cash dividend of \$4 per share on its outstanding Common Stock. This dividend was paid on December 3, 2009, to stockholders of record on November 19, 2009. For the year ended December 31, 2009, \$493.1 million was recorded as a distribution in the accompanying Consolidated Statements of Stockholders' Equity. Of this amount approximately \$3.7 million was recorded as a liability which will be paid to the holders of nonvested stock upon the vesting of that stock.

On November 19, 2007, the Company's Board of Directors declared a cash distribution of \$6 per share on its outstanding Common Stock. This distribution was paid on December 10, 2007 to stockholders of record on November 30, 2007. For the year ended December 31, 2007, \$686.1 million was recorded as a distribution in the accompanying Consolidated Statements of Stockholders' Equity. Of this amount approximately \$3.3 million was recorded as a liability which will be paid to the holders of nonvested stock upon the vesting of that stock.

The Company's Board of Directors has approved the commencement of a regular cash dividend program beginning in 2010. The Board of Directors will continue to periodically assess the level and appropriateness of any cash dividends.

13. Non-Controlling Interest

In October 2009, Wynn Macau, Limited, a newly formed and indirect wholly-owned subsidiary of the Company and the developer, owner and operator of Wynn Macau, had its ordinary shares of common stock listed on The Stock Exchange of Hong Kong Limited. Through an initial public offering, including the over-allotment, Wynn Macau, Limited sold 1,437,500,000 (27.7%) shares of this subsidiary's common stock (the "Wynn Macau Limited IPO"). Proceeds to the Company as a result of this transaction were approximately \$1.8 billion, net of transaction costs of approximately \$84 million. The shares of Wynn Macau, Limited were not and will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent a registration under the Securities Act of 1933, as amended, or an applicable exception from such registration requirements. In connection with this transaction, the Company recorded approximately \$107.4 million of non-controlling interest as a separate component of equity in the accompanying Consolidated Balance Sheets and has followed accounting standards for non-controlling interest in the consolidated financial statements beginning in October 2009.

14. Benefit Plans

Employee Savings Plan. The Company established a retirement savings plan under Section 401(k) of the Internal Revenue Code covering its non-union employees in July 2000. The plan allows employees to defer, within prescribed limits, a percentage of their income on a pre-tax basis through contributions to this plan. Prior to March 16, 2009, the Company matched the contributions, within prescribed limits, with an amount equal to 100% of the participant's initial 2% tax deferred contribution and 50% of the tax deferred contribution between 2% and 4% of the participant's compensation. The Company recorded an expense for matching contributions of approximately \$1.4 million, \$5.3 million and \$4.9 million for the years ended December 31, 2009, 2008 and 2007, respectively. Effective March 16, 2009, the Company suspended matching contributions to this plan.

Union employees are covered by various multi-employer pension plans. The Company recorded an expense of approximately \$6.2 million, \$4.6 million and \$4.5 million under such plans for the years ended December 31, 2009, 2008 and 2007, respectively. Information from the plans' sponsors is not available to permit the Company to determine its share of unfunded vested benefits, if any.

Share-Based Compensation. The Company established the 2002 Stock Incentive Plan (the "Stock Plan") to provide for the grant of (i) incentive stock options, (ii) compensatory (i.e., nonqualified) stock options, and (iii) nonvested shares of Common Stock of Wynn Resorts, Limited. Employees, directors (whether employee or nonemployee) and independent contractors or consultants of the Company are eligible to participate in the Stock Plan. However, only employees of the Company are eligible to receive incentive stock options.

A maximum of 9,750,000 shares of Common Stock were reserved for issuance under the Stock Plan. As of December 31, 2009, 419,545 shares remain available for the grant of stock options or nonvested shares of Common Stock.

Stock Options. Options are granted at the current market price at the date of grant. The Stock Plan provides for a variety of vesting schedules, including: immediate; 25% each year over four years; 33.33% for each of the third, fourth and fifth years with no vesting in the first two years; 10% each year over ten years; cliff vesting at a determined date; and others to be determined at the time of grant. All options expire ten years from the date of grant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of option activity under the Stock Plan as of December 31, 2009, and the changes during the year then ended is presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2009	2,782,342	\$66.80		
Granted	2,882,500	\$48.26		
Exercised	(244,916)	\$25.92		
Canceled/Expired	(173,333)	\$69.44		
Outstanding at December 31, 2009	5,246,593	\$58.43	7.98	\$43,245,827
Fully vested and expected to vest at December 31, 2009	4,840,437	\$57.66	7.91	\$40,639,013
Exercisable at December 31, 2009	1,230,916	\$50.33	5.03	\$13,109,258

The weighted average grant date fair value of stock options granted during the years ended December 31, 2009, 2008 and 2007, was \$28.25, \$61.50 and \$52.40, respectively. The total intrinsic value of stock options exercised for the years ended December 31, 2009, 2008 and 2007, was \$8.2 million, \$6.1 million and \$21.4 million, respectively. Net cash proceeds from the exercise of stock options were \$6.3 million, \$2.8 million, and \$9.2 million for the years ended December 31, 2009, 2008 and 2007, respectively. The Company recorded tax benefits resulting from the exercise of non-qualified stock options and the vesting of restricted stock of approximately \$49.0 million, \$0 million, and \$0 million for the years ended December 31, 2009, 2008, and 2007, respectively. As of December 31, 2009, there was a total of \$105.7 million of unamortized compensation related to stock options, which is expected to be recognized over the vesting period of the related grants through December 2019.

Nonvested Shares. A summary of the status of the Stock Plan's nonvested shares as of December 31, 2009 and changes during the year then ended is presented below:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2009	918,500	\$87.41
Granted	—	—
Vested	(25,000)	\$67.40
Canceled	(4,500)	\$69.05
Nonvested at December 31, 2009	889,000	\$88.06

The weighted average grant date fair value of nonvested shares granted during the years ended December 31, 2008 and 2007 was \$97.88 and \$107.28, respectively. The total fair value of the shares vested during the years ended December 31, 2009, 2008, and 2007, was \$1.7 million, \$2.5 million and \$3.9 million, respectively. Approximately \$45.2 million of unamortized compensation cost relating to nonvested shares of Common Stock at December 31, 2009 will be recognized as compensation over the vesting period of the related grants through December 2016.

Compensation Cost. The Company uses the Black-Scholes valuation model to determine the estimated fair value for each option grant issued, with highly subjective assumptions, changes in which could materially affect the estimated fair value. Expected volatility is based on implied and historical factors related to the Company's Common Stock. Expected term represents the weighted average time between the option's grant date and its exercise date. The Company uses the simplified method for companies with a limited trading history to estimate the expected term. The risk-free interest rate used for each period presented is based on the U.S. Treasury yield curve at the time of grant for the period equal to the expected term.

The fair value per option was estimated on the date of grant using the following weighted average assumptions:

	Years Ended December 31,		
	2009	2008	2007
Expected dividend yield	0.12%	—	—
Expected stock price volatility	54.6%	44.1%	37.1%
Risk-free interest rate	2.7%	3.6%	3.3%
Expected average life of options (years)	7.6	9.2	5.0

The total compensation cost relating both to stock options and nonvested stock is allocated as follows (amounts in thousands):

	Years Ended December 31,		
	2009	2008	2007
Casino	\$ 8,740	\$ 6,799	\$ 4,692
Rooms	460	586	667
Food and beverage	305	845	878
Entertainment, retail and other	19	210	267
General and administrative	14,812	11,634	12,023
Pre-opening	—	254	—
Total stock-based compensation expense	24,336	20,328	18,527
Total stock-based compensation capitalized	585	580	809
Total stock-based compensation costs	\$ 24,921	\$ 20,908	\$ 19,336

15. Income Taxes

Consolidated income (loss) before taxes for domestic and foreign operations consisted of the following (amounts in thousands):

	Years Ended December 31,		
	2009	2008	2007
Domestic	\$(229,861)	\$(105,096)	\$ 56,294
Foreign	271,967	254,014	175,843
Total	\$ 42,106	\$ 148,918	\$232,137

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's benefit (provision) for income taxes consist of the following (amounts in thousands):

	Years Ended December 31,		
	2009	2008	2007
Current:			
Federal	\$ —	\$ —	\$ —
Foreign	(3,679)	(1,899)	(933)
	(3,679)	(1,899)	(933)
Deferred:			
Federal	(2,090)	58,606	(37,002)
Foreign	2,770	4,854	2,134
	680	63,460	(34,868)
Total	\$(2,999)	\$61,561	\$(35,801)

The tax effects of significant temporary differences representing net deferred tax assets and liabilities consisted of the following (amounts in thousands):

	As of December 31,	
	2009	2008
Deferred Tax Assets—U.S.:		
Current:		
Receivables, inventories, accrued liabilities, and other	\$ 34,709	\$ 29,896
Less: valuation allowance	(25,543)	(23,324)
	9,166	6,572
Long-term:		
Foreign tax credit carryforwards	835,370	698,371
Pre-opening costs	23,130	32,073
Intangibles and related other	21,647	23,992
Stock compensation	18,002	12,232
Interest rate swap valuation adjustment	1,478	5,367
Other credit carryforwards	5,224	4,041
Syndication costs	3,780	3,780
Other	369	324
	909,000	780,180
Less: valuation allowance	(668,966)	(608,681)
	240,034	171,499

WYNN RESORTS, LIMITED

	As of December 31,	
	2009	2008
Deferred Tax Liabilities—U.S.:		
Current:		
Undistributed IPO proceeds of foreign subsidiary	\$ (41,515)	\$ —
Prepaid insurance, maintenance and taxes	(10,509)	(10,333)
	(52,024)	(10,333)
Long-term:		
Property and equipment	(222,899)	(184,305)
Foreign currency translation	—	(1,409)
	(222,899)	(185,714)
Deferred Tax Assets—Foreign:		
Current:		
Pre-opening costs and other	4	1,506
Less: valuation allowance	(2)	(762)
	2	744
Long-term:		
Pre-opening costs and other	—	13
Net operating loss carryforwards	27,598	19,484
Less: valuation allowance	(17,208)	(9,863)
	10,390	9,634
Deferred Tax Liabilities—Foreign:		
Long-term:		
Property equipment and other	(1,139)	(3,970)
Net deferred tax asset (liability)	\$ (16,470)	\$ (11,569)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The income tax provision differs from that computed at the federal statutory corporate tax rate as follows:

	Years Ended December 31,		
	2009	2008	2007
Federal statutory rate	35.0%	35.0%	35.0%
Foreign tax rate differential	(133.3)%	(38.6)%	(12.7)%
Other items, net:			
Foreign tax credits, net of valuation allowance	77.0%	(484.9)%	—
Repatriation of foreign earnings	113.8%	472.7%	—
Excess executive compensation	5.4%	—	—
Non-taxable foreign income	(108.6)%	(29.6)%	(14.0)%
Non-deductible foreign property charges	2.4%	—	3.0%
Increase (decrease) in liability for uncertain tax positions	—	(3.7)%	2.6%
General business credits	(2.8)%	—	—
Other, net	2.6%	2.8%	—
Valuation allowance, other	15.6%	5.0%	1.5%
Effective tax rate	7.1%	(41.3)%	15.4%

The Company does not have any U.S. tax loss carryforwards for the years ended December 31, 2009 and 2008. The Company has incurred foreign tax losses of approximately \$66.8 million, \$124.0 million, and \$145.3 million during the tax years ended December 31, 2009, 2008, and 2007, respectively. These tax loss carryforwards are partially reserved and expire in 2010, 2011, and 2012. The Company recorded tax benefits resulting from the exercise of nonqualified stock options and the value of vested restricted stock of \$49.0 million, \$0, and \$0 as of December 31, 2009, 2008, and 2007, respectively, in excess of the amounts reported for such items as compensation costs under accounting standards related to stock-based compensation. The Company uses a with-and-without approach to determine if the excess tax deductions associated with compensation costs have reduced income taxes payable.

Accounting standards require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not. Otherwise, a valuation allowance is applied. During 2009 and 2008, the aggregate valuation allowance for deferred tax assets increased by \$69.1 million and \$634.9 million, respectively. The 2009 and 2008 increases are primarily related to foreign tax credit carryforwards that are not considered more likely than not realizable. As discussed in the succeeding paragraph, the Company does not consider forecasted future operating results when scheduling the realization of deferred tax assets and the required valuation allowance but instead relies solely on the reversal of net taxable temporary differences. The ultimate realization of our recorded foreign tax credit deferred tax asset is dependent upon the incurrence of sufficient U.S. income tax liabilities attributable to foreign source income during the 10-year foreign tax credit carryover period. The 2007 increase of \$3.4 million is primarily due to foreign tax loss carryforwards that are not more likely than not realizable.

The Macau special gaming tax is 35% of gross gaming revenue. The U.S. taxing regime only allows a credit for 35% of "net" foreign source income. In determining the valuation allowance in accordance

with accounting standards, due to the significant U.S. operating losses, the Company currently could not rely on forecasted future U.S. taxable income. Instead, the valuation allowance was determined by scheduling the existing U.S. "net" taxable temporary differences that were expected to reverse during the 10-year foreign tax credit carryover period and then applying U.S. income tax rules applicable to foreign tax credit utilization to the results in order to determine the amount of foreign tax credit expected to be utilized in the future.

During the year ended December 31, 2008, the Company completed a study of the taxes, levies and obligations assessed on operations of Wynn Macau under Macau law and the Macau Gaming Concession. The study concluded the Macau Special Gaming Tax more likely than not qualified as a tax paid in lieu of an income tax under the Internal Revenue Code. In February 2010, the Company and the IRS entered into a Pre-Filing Agreement ("PFA") providing that the Macau Special Gaming Tax qualifies as a tax paid in lieu of an income tax and could be claimed as a U.S. foreign tax credit.

During the years ended December 31, 2009 and 2008, the Company recognized tax benefits of \$125.3 million and \$722 million (net of valuation allowance increases) for foreign tax credits applicable to the earnings of Wynn Macau. A significant portion of these credits result from the treatment of the Macau Special Gaming Tax as a U.S. foreign tax credit. Of the \$125.3 million, \$121.5 million was used to offset 2009 U.S. income tax expense incurred as a result of the repatriation of Wynn Macau earnings and a portion of the Wynn Macau Limited IPO proceeds. The remaining \$3.8 million (net of valuation allowance) is recorded as a deferred tax asset. Of the \$722 million, \$650.6 million was used to offset 2008 U.S. income tax expense incurred as a result of the repatriation of Wynn Macau earnings and \$71.4 million (net of valuation allowance) was recorded as a deferred tax asset. The Company's foreign tax credit carryforwards as of December 31, 2009 of \$835.4 million before valuation allowance will expire in 2018 and 2019.

Of the December 31, 2009 U.S. valuation allowance totaling \$694.5 million, \$689.4 million relates to U.S. foreign tax credits expected to expire unutilized, \$1.3 million represents stock-based compensation that may be nondeductible under IRC §162(m), and \$3.8 million is attributable to syndication costs. Of the 2008 U.S. valuation allowance totaling \$632 million, \$626.9 million relates to U.S. foreign tax credits expected to expire unutilized, \$1.3 million represents stock-based compensation that may be nondeductible under IRC §162(m), and \$3.8 million is attributable to syndication costs. Subsequent recognition of income tax benefits associated with syndication costs will be allocated to additional paid-in capital.

As of December 31, 2009, the Company has not provided deferred U.S. income taxes or foreign withholding taxes on temporary differences of approximately \$358.2 million resulting from earnings of certain non-U.S. subsidiaries which are permanently reinvested outside of the U.S. The amount of the unrecognized deferred tax liability without regard to potential foreign tax credits associated with these temporary differences is approximately \$125.4 million for the year ended December 31, 2009. At December 31, 2008, the Company had no earnings in foreign subsidiaries that were considered permanently reinvested. Deferred income taxes are provided for foreign earnings planned for repatriation. In connection with the Wynn Macau Limited IPO (Note 13) the Company recorded a deferred tax liability net of expected foreign tax credits of \$56.1 million to the extent that the book basis of the investment exceeded the tax basis and where that difference

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

is expected to reverse in the foreseeable future. The deferred tax liability was recorded as a reduction in additional paid-in capital. In 2009, the Company repatriated approximately \$400 million from the Wynn Macau Limited IPO proceeds leaving a deferred tax liability net of expected foreign tax credits of \$41.5 million as of December 31, 2009. The amounts repatriated were used to fund domestic operations, to provide additional U.S. liquidity, and to fund a dividend to the Company's shareholders. During 2008, the Company repatriated \$1.071 billion in earnings from Wynn Macau. The 2008 earnings were repatriated to fund the repurchase of \$625 million in principal of the Term Loan Facility, to provide available funding for possible future debt repurchases, to provide funding for the completion of Encore at Wynn Las Vegas, and to provide liquidity.

Effective September 6, 2006, Wynn Macau, S.A. received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits. Accordingly, the Company was exempted from the payment of approximately \$31.7 million, \$27.7 million, and \$26.4 million in such taxes for the years ended December 31, 2009, 2008 and 2007, respectively. The Company's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau Special Gaming tax and other levies in accordance with its concession agreement. In June 2009, Wynn Macau, S.A. entered into an agreement with the Macau Special Administrative Region that provides for an annual payment of MOP \$7.2 million (approximately \$900,000 US dollars) to the Macau Special Administrative Region as complementary tax otherwise due by shareholders on dividend distributions. This agreement is effective as of 2006. Therefore, included in the tax provision for the year ended December 31, 2009, are the amounts related to the years 2006 through 2009 totaling \$3.6 million. This agreement on dividends is effective through 2010.

Effective January 1, 2007, the Company adopted the accounting standards related to accounting for uncertain tax positions. This standard requires that tax positions be assessed using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (amounts in thousands):

	As of December 31,	
	2009	2008
Balance—beginning of year	\$120,779	\$ 89,216
Additions based on tax positions of the current year	27,496	15,135
Additions based on tax positions of prior years	185	23,348
Reductions for tax positions of prior years	(95)	(6,920)
Settlements	—	—
Lapses in statutes of limitations	—	—
Balance—end of year	\$148,365	\$120,779

As of December 31, 2009 and 2008, the Company has recorded a liability related to uncertain tax positions of \$90.3 million and \$90.3 million, respectively. These amounts are included in Other Long-Term Liabilities in the accompanying financial statements. As of December 31, 2009 and 2008, approximately \$58.0 million and \$30.5 million, respectively, of liabilities related to U.S. and foreign uncertain tax positions that increase the NOL and foreign tax credit carryforward deferred tax assets are classified as reductions of the NOL and foreign tax credit carryforward deferred tax assets in the net deferred tax asset and liability table above. During 2008, \$56.4 million of uncertain tax positions originating in years 2007 and prior that were previously netted against the domestic NOL deferred tax asset were reclassified to the liability for uncertain positions in connection with the 2008 utilization of the domestic NOL carryforward. Other uncertain tax positions not increasing the NOL and foreign tax credit carryforward deferred tax assets have been recorded as increases in the liability for uncertain tax positions.

As of December 31, 2009 and 2008, approximately \$16.6 million and \$14.2 million, respectively, of unrecognized tax benefit would, if recognized, impact the effective tax rate. If incurred, the Company would recognize penalties and interest related to unrecognized tax benefits in the provision for income taxes. During the years ended December 31, 2009, 2008 and 2007, the Company recognized no interest or penalties.

The Company's unrecognized tax benefits include certain income tax accounting methods. These accounting methods govern the timing and deductibility of income tax deductions. As a result the Company's unrecognized tax benefits could increase by a range of \$0 to \$15.0 million over the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction, various states and foreign jurisdictions. The Company's income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities in the locations where it operates. As of December 31, 2009, the Company has filed domestic income tax returns for the years 2002 to 2008 and foreign income tax returns for 2002 to 2008. The Company's 2002 to 2008 domestic income tax returns remain subject to examination by the IRS and the Company's 2006 to 2008 Macau income tax returns remain subject to examination by the Macau Finance Bureau. During 2009, the Company received the results of an Internal Revenue Service examination of its 2004 and 2005 tax returns and filed its appeal of the examination's findings. In connection with that appeal, the Company agreed to extend the statute of limitations for its 2004 and 2005 tax returns to March 15, 2011. The Company does not expect resolution of the findings within 12 months. The Company believes that its liabilities for uncertain tax positions related to the examination's findings are adequate. The resolution of the 2004 and 2005 IRS examination is not expected to result in any significant cash payment, but rather the utilization of a portion of its 2008 foreign tax credit carryforward. In January 2010, the IRS commenced an examination of the Company's 2006 through 2008 income tax returns.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Commitments and Contingencies*Wynn Macau*

Encore at Wynn Macau Construction Development. Construction continues on a further expansion of Wynn Macau. Encore at Wynn Macau is expected to open in April 2010, and will add a fully-integrated resort hotel to Wynn Macau with approximately 410 luxury suites and four villas along with restaurants, additional retail space and additional gaming space. Wynn Macau, S.A. has executed a guaranteed maximum price contract with Leighton Contractors (Asia) Limited, China State Construction Engineering (Hong Kong) Limited and China Construction Engineering (Macau) Company Limited, acting together as the general contractor for the construction of the Encore at Wynn Macau. The contract sum, including change orders through December 31, 2009, totals \$417.4 million. The current project budget is approximately \$600 million.

Through December 31, 2009, the Company had incurred approximately \$454.9 million of costs related to Encore at Wynn Macau.

Land Concession Contract. Wynn Macau, S.A. has entered into a land concession contract for the land on which Wynn Macau is located. Under the land concession contract, Wynn Macau, S.A. leases a parcel of approximately 16 acres from the government for an initial term of 25 years, with a right to renew for additional periods with government approval. Wynn Macau, S.A. has made payments to the Macau government under the land concession contract totaling approximately \$42.7 million. Wynn Macau, S.A. also paid approximately \$18.4 million to an unrelated third party for its relinquishment of rights to a portion of the land. In 2009, the Company and the Macau government agreed to modify this land concession as a result of the construction of Encore at Wynn Macau and the additional square footage that will be added as a result of such construction. In November 2009, the Company made an additional one-time land premium payment of approximately \$14.2 million. During the term of the land concession contract, Wynn Macau, S.A. is required to make annual lease payments of up to \$527,000.

Cotai Land Agreement. On August 1, 2008, subsidiaries of Wynn Resorts, Limited entered into an agreement with an unrelated third party to make a one-time payment in the amount of \$50 million in consideration of the unrelated third party's relinquishment of certain rights with respect to a portion of approximately 52 acres of land in the Cotai area of Macau. The payment will be made within 15 days after the Government of the Special Administrative Region of the People's Republic of China publishes the Company's rights to the land in the government's official gazette. The Company has filed an application for the land with the government of Macau and is awaiting final approval.

Philadelphia Casino Project

On February 24, 2010, the Company announced that it had entered into a letter of intent with Philadelphia Entertainment and Development Partners, LP (PEDP), providing that an affiliate of Wynn Resorts will become the manager and managing general partner in the PEDP casino project slated for the Philadelphia waterfront. The agreement is subject to the satisfaction of certain conditions including the approval of the Pennsylvania Gaming Board.

Aircraft Deposits

The Company had made deposits on three aircraft purchases totaling \$19.4 million which are included in other assets in the accompanying Consolidated Balance Sheets as of December 31, 2008. The Company was scheduled to take delivery of those aircraft in 2009, 2012 and 2017 with additional payments to be made totaling \$142.2 million. On February 19, 2009, the Company cancelled the agreements to purchase two of these aircraft.

In connection with the cancellation the Company wrote-off \$6.8 million of the deposits, net of amounts refunded. The delivery date for the third aircraft is scheduled for June 2012, and as of December 31, 2009, the Company has made deposits of \$8 million toward the purchase of this aircraft, with additional payments to be made totaling \$49.3 million.

Leases and Other Arrangements

The Company is the lessor under several retail leases and has entered into license and distribution agreements for several additional retail outlets. The Company also is a party to joint venture agreements for the operation of one other retail outlet and the Ferrari and Maserati automobile dealership at Wynn Las Vegas.

The following table presents the future minimum rentals to be received under the operating leases (amounts in thousands):

Years Ending December 31,

2010	\$15,810
2011	13,217
2012	10,232
2013	1,936
2014	1,356
Thereafter	1,670
	<u>\$44,221</u>

In addition, the Company is the lessee under several leases for office space in Las Vegas, Macau and certain other locations, warehouse facilities, the land underlying the Company's aircraft hangar and certain office equipment.

At December 31, 2009, the Company was obligated under non-cancelable operating leases to make future minimum lease payments as follows (amounts in thousands):

Years Ending December 31,

2010	\$ 6,834
2011	3,649
2012	1,681
2013	140
2014	140
Thereafter	2,941
	<u>\$15,385</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rent expense for the years ended December 31, 2009, 2008 and 2007, was \$17.2 million, \$17.8 million and \$18.4 million, respectively.

Self-Insurance

The Company's domestic subsidiaries are covered under a self-insured medical plan up to a maximum of \$300,000 per year for each insured person. Amounts in excess of these thresholds are covered by the Company's insurance programs, subject to customary policy limits. The Company's foreign subsidiaries are fully-insured.

Employment Agreements

The Company has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements, other than Mr. Wynn's, generally have three- to five-year terms and typically indicate a base salary and often contain provisions for discretionary bonuses. Certain of the executives are also entitled to a separation payment if terminated without "cause" or upon voluntary termination of employment for "good reason" following a "change of control" (as these terms are defined in the employment contracts).

Litigation

The Company does not have any material litigation as of December 31, 2009.

Sales and Use Tax on Complimentary Meals

In March 2008, the Nevada Supreme Court ruled, in the matter captioned *Sparks Nugget, Inc. vs. The State of Nevada Ex Rel. Department of Taxation*, that food and non-alcoholic beverages purchased for use in providing complimentary meals to customers and to employees was exempt from sales and use tax. In July 2008, the Court denied the State's motion for rehearing. Through April 2008, Wynn Las Vegas has paid use tax on these items and has filed for refunds for the periods from April 2005 to April 2008. The amount subject to these refunds is approximately \$5.4 million. Due to the uncertainty surrounding this matter, a receivable has not been recorded as of December 31, 2009.

17. Segment Information

The Company monitors its operations and evaluates earnings by reviewing the assets and operations of Wynn Las Vegas (including Encore at Wynn Las Vegas) and Wynn Macau. Wynn Las Vegas opened on April 28, 2005, Encore at Wynn Las Vegas opened on December 22, 2008, and Wynn Macau opened on September 6, 2006. The Company's total assets and capital expenditures by segment consisted of the following (amounts in thousands):

	As of December 31,	
	2009	2008
Assets		
Wynn Las Vegas (including Encore at Wynn Las Vegas)	\$4,254,324	\$4,584,271
Wynn Macau (including Encore at Wynn Macau)	1,990,273	1,415,325
Corporate and other assets	1,337,172	756,192
Total consolidated assets	\$7,581,769	\$6,755,788

WYNN RESORTS, LIMITED

	Years ended December 31,	
	2009	2008
Capital Expenditures		
Wynn Las Vegas (including Encore at Wynn Las Vegas)	\$245,040	\$1,129,525
Wynn Macau (including Encore at Wynn Macau)	295,889	202,808
Corporate and other	—	849
Total capital expenditures	\$540,929	\$1,333,182

The Company's results of operations by segment for the years ended December 31, 2009, 2008 and 2007 consisted of the following (amounts in thousands):

	Years Ended December 31,		
	2009	2008	2007
Net Revenues⁽¹⁾			
Wynn Las Vegas, including Encore	\$1,229,573	\$1,098,889	\$1,295,381
Wynn Macau	1,816,038	1,888,435	1,392,138
Total net revenues	\$3,045,611	\$2,987,324	\$2,687,519
Adjusted Property EBITDA^(1, 2)			
Wynn Las Vegas, including Encore	\$ 244,065	\$ 252,875	\$ 417,028
Wynn Macau	502,087	485,857	364,113
Total adjusted property EBITDA	746,152	738,732	781,141
Other Operating Costs and Expenses			
Pre-opening costs	1,817	72,375	7,063
Depreciation and amortization	410,547	263,213	220,250
Property charges and other	28,458	32,584	60,857
Corporate expenses and other	70,246	57,071	63,895
Equity in income from unconsolidated affiliates	121	1,353	1,721
Total other operating costs and expenses	511,189	426,596	353,786
Operating income	234,963	312,136	427,355

(continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Years Ended December 31,		
	2009	2008	2007
Other Non-Operating Costs and Expenses			
Interest income	\$ 1,740	\$ 21,517	\$ 47,259
Interest expense, net of capitalized interest	(211,385)	(172,693)	(145,177)
Decrease in swap fair value	(2,258)	(31,485)	(6,001)
Gain (loss) from extinguishment of debt	18,734	22,347	(93,526)
Equity in income from unconsolidated affiliates	121	1,353	1,721
Other	191	(4,257)	506
Total other non-operating costs and expenses	(192,857)	(163,218)	(195,218)
Income before provision for income taxes	42,106	148,918	232,137
(Provision) benefit for income taxes	(2,999)	61,561	(35,801)
Net income	\$ 39,107	\$ 210,479	\$ 196,336

(1) Encore at Wynn Las Vegas opened December 22, 2008 and is included with Wynn Las Vegas as the two properties operate as one segment.

(2) "Adjusted Property EBITDA" is earnings before interest, taxes, depreciation, amortization, pre-opening costs, property charges and other, corporate expenses, stock-based compensation, contract termination fee, and other non-operating income and expenses and includes equity in income from unconsolidated affiliates. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors. The Company also presents Adjusted Property EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to financial measures in accordance with U.S. generally accepted accounting principles ("GAAP"). In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including Wynn Resorts, Limited, have historically excluded from their EBITDA calculations pre-opening expenses, property charges and corporate expenses, which do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of the Company's performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income, Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, Wynn Resorts' calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

18. Quarterly Financial Information (Unaudited)

The following tables (amounts in thousands, except per share data) present selected quarterly financial information for 2009 and 2008, as previously reported. Because income (loss) per share amounts are calculated using the weighted average number of common and dilutive common equivalent shares outstanding during each quarter, the sum of the per share amounts for the four quarters may not equal the total income (loss) per share amounts for the year.

Year Ended December 31, 2009					
	First	Second	Third	Fourth	Year
Net revenues	\$739,955	\$723,256	\$773,071	\$ 809,329	\$3,045,611
Operating income	27,149	82,798	79,499	45,517	234,963
Net income (loss)	(33,814)	25,479	34,210	13,232	39,107
Net income (loss) attributable to Wynn Resorts	(33,814)	25,479	34,210	(5,221)	20,654
Basic income (loss) per share	\$ (0.30)	\$ 0.21	\$ 0.28	\$ (0.04)	\$ 0.17
Diluted income (loss) per share	\$ (0.30)	\$ 0.21	\$ 0.28	\$ (0.04)	\$ 0.17

Year Ended December 31, 2008					
	First	Second	Third	Fourth	Year
Net revenues	\$778,706	\$825,157	\$769,186	\$ 614,275	\$2,987,324
Operating income (loss)	90,603	144,169	77,668	(304)	312,136
Net income (loss)	46,877	271,970	51,199	(159,567)	210,479
Basic income (loss) per share	\$ 0.42	\$ 2.45	\$ 0.50	\$ (1.49)	\$ 1.94
Diluted income (loss) per share	\$ 0.41	\$ 2.42	\$ 0.49	\$ (1.49)	\$ 1.92

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework.

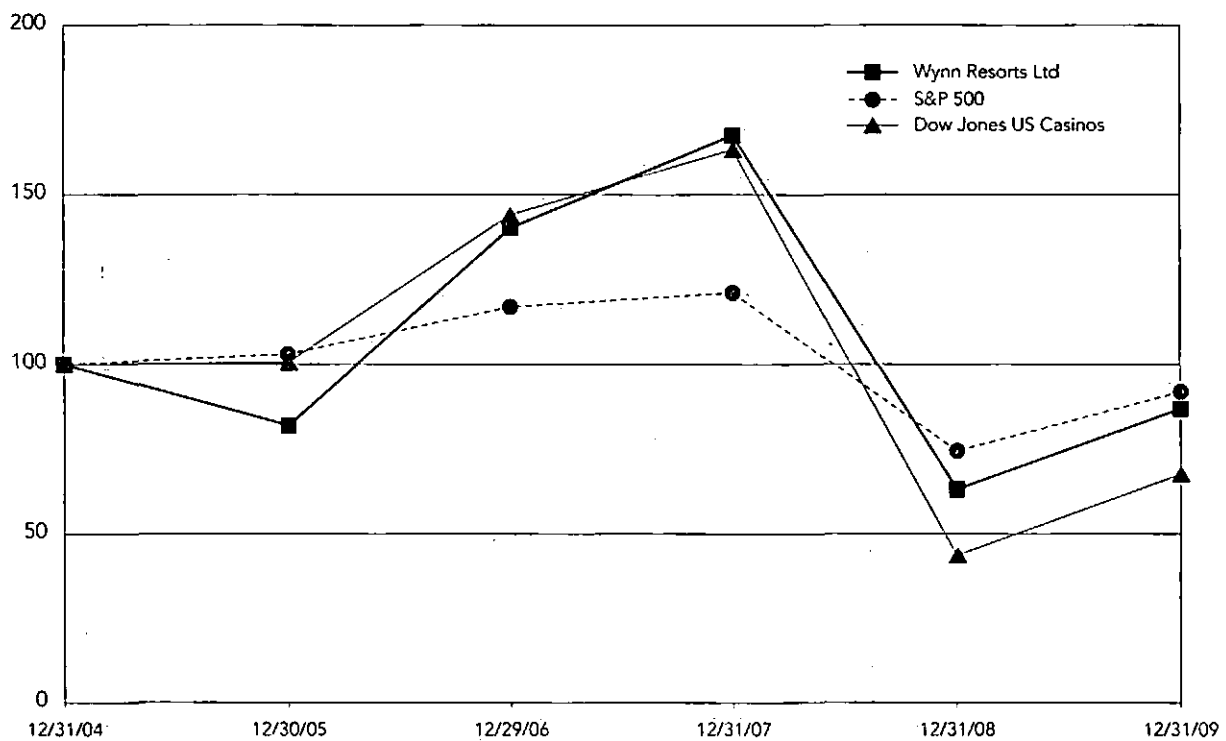
Based on our assessment, management believes that, as of December 31, 2009, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm has issued an audit report on our internal control over financial reporting. This report appears under "Report of Independent Registered Public Accounting Firm" on pages 84 and 85.

Changes in Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fourth fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

STOCK PERFORMANCE GRAPH

The graph below compares the five year cumulative total return on our common stock to the cumulative total return of the Standard & Poor's 500 Stock Index ("S&P 500") and the Dow Jones U.S. Casino Index. The performance graph assumes that \$100 was invested on December 31, 2004 in each of the Company's common stock, the S&P 500 and the Dow Jones US Casino Index, and that all dividends were reinvested. The stock price performance shown in this graph is neither necessarily indicative of, nor intended to suggest, future stock price performance.



	Wynn Resorts Ltd.	Dow Jones US Casinos	S&P 500
December 04	100.0	100.0	100.0
December 05	82.0	100.5	103.0
December 06	140.2	144.1	117.0
December 07	167.6	163.4	121.2
December 08	63.2	43.6	74.5
December 09	87.0	67.7	92.0

The performance graph should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Exchange Act of 1934, unless we specifically incorporate the performance graph by reference therein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Wynn Resorts, Limited:

We have audited Wynn Resorts, Limited and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

(continued)

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009 and our report dated February 26, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Las Vegas, Nevada
February 26, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Wynn Resorts, Limited:

We have audited the accompanying consolidated balance sheets of Wynn Resorts, Limited and subsidiaries (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Las Vegas, Nevada
February 26, 2010

Corporate Headquarters

3131 Las Vegas Boulevard South
Las Vegas, Nevada 89109

Web Site

Visit the Company's web sites at:
www.wynnresorts.com
www.wynnlasvegas.com
www.encorelasvegas.com
www.wynnmacau.com
www.wynnmacaulimited.com

Annual Report on Form 10-K

Our Annual Report on Form 10-K (including the financial statements and financial statement schedules relating thereto) filed with the Securities and Exchange Commission may be obtained upon written request and without charge. Requests should be directed to Samantha Stewart, Vice President of Investor Relations of Wynn Resorts, Limited, 3131 Las Vegas Boulevard South, Las Vegas, Nevada 89109, telephone (702) 770-7555 or investorrelations@wynnresorts.com. In addition, the electronic version of the Annual Report can be found at www.wynnresorts.com, under Corporate Information.

Annual Meeting

Our Annual Meeting of Stockholders will be held on Tuesday, May 12, 2010 at 11:00 a.m., local time, in the Encore Theater at Wynn Las Vegas, 3131 Las Vegas Boulevard South, Las Vegas, Nevada, 89109. March 23, 2010 is the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Common Stock

Our common stock is traded on the NASDAQ Global Select Market under the symbol "WYNN."

Common Stock Transfer Agent and Registrar

American Stock Transfer & Trust Co.
59 Maiden Lane
New York, New York 10038
(800) 937-5449

Wynn, Encore and the Wynn Crest are registered trademarks or trademarks of Wynn Resorts Holdings, LLC.

Board of Directors

Stephen A. Wynn
*Chairman of the Board and
Chief Executive Officer*

Kazuō Okada
*Vice Chairman of the Board
Founder, Director and Chairman
of the Board of Universal
Entertainment and Director,
President, Secretary and Treasurer
of Aruze USA*

Linda Chen
*Director
President of Wynn International
Marketing, Limited, and Chief
Operating Officer of Wynn Resorts
(Macau), S.A.*

Russell Goldsmith
*Director
Chief Executive Officer of
City National Bank*

Dr. Ray R. Irani
*Director
Chairman and Chief Executive Officer
of Occidental Petroleum Corporation*

Robert J. Miller
*Director
Principal with Dutko Worldwide
Governor of the State of Nevada from
January 1989 until January, 1999*

John A. Moran
*Director
Honorary Co-Chairman of the
Republican Leadership Council of
Washington, D.C. and Former
Chairman of Dyson-Kissner-Moran
Corporation*

Alvin V. Shoemaker
*Director
Former Chairman of the Board of
First Boston Inc. and First Boston
Corporation*

D. Boone Wayson
*Director
Principal of Wayson's Properties,
Incorporated*

Elaine P. Wynn
*Director
National Chair, Communities in
Schools and Active leader in
educational and philanthropic
affairs in Las Vegas*

Allan Zeman
*Director
Chairman of the Board of Lan Kwai
Fong Holdings Limited and Ocean
Park Hong Kong*

Executive Officers

Stephen A. Wynn
Chief Executive Officer

Marc D. Schorr
Chief Operating Officer

John Strzemp
*Executive Vice President and
Chief Administrative Officer*

Matt Maddox
Chief Financial Officer and Treasurer

Kim Sinatra
General Counsel and Secretary

Prosperity and Growth



Wynn Resorts, Limited
3131 Las Vegas Boulevard South
Las Vegas, NV 89109
(702) 770-7555
www.wynnresorts.com